Austria Sch22	Indonesia ...Rp3100	Portugal ... Esc100
Bahrain .. Din0.650	Israel IS3.50	S.Arabia ... Rls7.00
Belgium BFr48	Italy L1600	Singapore .. S$4.10
Canada ..... C$1.00	Japan Y600	Spain Pta125
Cyprus ...... C£0.75	Jordan Fils500	Sri Lanka ... Rup30
Denmark .. DKr9.00	Kuwait Fils500	Sweden SKr9.00
Egypt ...... E£2.25	Lebanon .. $L125.00	Switz SFr2.20
Finland ... Fmk7.00	Lux LFr48	Taiwan ...... NT$65
France FFr6.50	Malaysia ... Rm4.25	Thailand Bht50
Germany ... DM2.20	Mexico Pes300	Tunisia ... Din0.800
Greece Dr100	Morocco ... Dh6.00	Turkey L500
Hong Kong .. HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway .. NKr10.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Paris-Dakar test of endurance gets even tougher, Page 2

World News

Judge Bork resigns from US high court

President Reagan's defeated Supreme Court nominee Judge Robert Bork has resigned from the Federal bench. In a resignation letter released yesterday, the 60-year-old jurist and former Yale professor accused his opponents of a campaign of miseducation.

President Reagan, in his reply, called the Senate vote last October denying Judge Bork a seat on the Court a "national tragedy." He accepted the resignation "with deep sadness."

State of emergency

President Virgilio Barco has declared a state of emergency in Medellin, Colombia's second-largest city, citing "monstrous criminal acts" in an apparent war between gangs of drug traffickers.

Iran attacks tanker

Two Filipino seamen were wounded when an Iranian gunboat attacked a Liberian tanker in territorial waters of the United Arab Emirates.

Iranian pilgrimage

Iran, whose pilgrims were blamed by Saudi Arabia for riots which killed hundreds in Mecca last July, would send 150,000 to the 1988 pilgrimage, Tehran Radio said, and they would stage demonstrations "in a more resolute and determined manner than before."

Banks reform urged

Italian Treasury Minister Giuliano Amato called for major changes to state-owned banks, saying they were inefficient and unable to respond to market requirements. Page 2

Alfonsin stands firm

President Raul Alfonsin's Government said it would enforce discipline in the Argentine army following threats by officers to resist legal measures taken against a colleague.

Boy on new charge

A 16-year-old English schoolboy who shot his deputy headmaster and was charged with intent to endanger life has now been charged with attempted murder.

Pilots cancel strike

Pilots of Spain's state-owned Iberia airline cancelled a 24-hour strike at the last minute

Seoul campus riot

More than 1,000 South Korean students threw petrol bombs and stones at riot police on a Seoul campus after a memorial service marking the anniversary of a colleague's death under police torture.

Bribery charges

Ronald Li, 58, former chairman of the Hong Kong stock exchange, was to appear in court charged with corruption. Page 3

London flights resume

Return flights to Paris from London's new City Airport, suspended a month ago over fears about insufficient traffic control, were to resume next Wednesday. Page 10

Kampuchea talks

Kampuchean guerrilla leader Son Sann announced he would meet opposition coalition leader Prince Norodom Sihanouk in France before the Prince met Kampuchea Prime Minister Hun Sen, also in France.

Aborigines taunted

Aboriginal protestors clashed in Hobart, Tasmania, with Australian Prime Minister Bob Hawke who taunted the activists by saying it was better to be proud of 200 years of Europeanisation than to be a friend of Libya.

Chinese defy baby rule

China was having a baby boom which could cause a population crisis, the official People's Daily said. It blamed couples who defied a rule of one child per family.

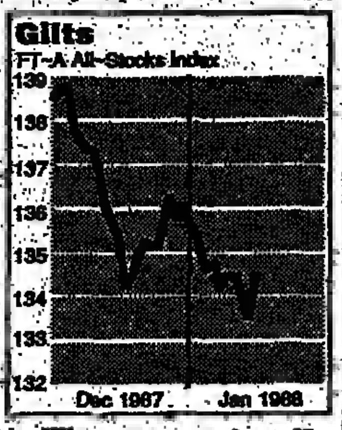
Business Summary

NYSE asks for curb on computer trading

NEW YORK Stock Exchange requested its members to refrain from using its Superdot system, used to execute programme trades, if the Dow Jones Industrial Average should move 75 points or more in either direction. Member firms, many of whom were consulted about the decision, will be asked to comply from today until next Friday inclusive.

ATLANTIC Richfield, US oil company, indicated that it might be considering a counter-bid for UK exploration company Britoil by announcing that it had increased its stake to 23.73 per cent. British Petroleum yesterday published the terms of its £2.27bn ($4.14bn) offer. Page 19; Lex, Page 18

GILTS in London moved higher as investors ignored the inflationary implications of the rise



in UK average earnings. The FT-A All Stocks Index rose 0.73 per cent to 134.5. Market report, Page 34

HELMUT KOHL, West German Chancellor, rejected French proposals to work towards setting up a European Community central bank. Page 18

WALL STREET: The Dow Jones industrial average closed 8.62 down at 1,916.11. Page 38

LONDON: UK equity market remained fairly confident in the run-up to today's US trade data, with the FT-SE 100 index ending 10 higher at 1,743.4. Page 34

TOKYO: Boosted by the US-Japanese moves to strengthen dollar co-operation, Tokyo share prices rallied strongly. The Nikkei average climbed 278.66 to 22,603.65. Page 38

DOLLAR closed in New York at DM1.6295, FFr5.5075, SFr1.3295 and Y126.05. It closed in London at DM1.6370 (DM1.6335); FFr5.5300 (FFr5.5125); SFr1.3355 (SFr1.3300); Y126.70 (Y126.60). Page 27

STERLING closed in New York at $1.8305. It closed in London at $1.8190 ($1.8250); DM2.9775 (DM2.9800); FFr10.0600 (FFr10.0600); SFr2.4300 (SFr2.4275); Y230.50 (Y231.0). Page 27

FRENCH consumer prices rose by 3.1 per cent in 1987. Page 2

PORTUGAL attracted 152 per cent more investment in 1987 than the previous year. Page 4

SWITZERLAND published details of its direct investments in other countries for the first time, which amounted to SFr55.5bn ($41.7bn) at the end of 1986. Page 4

TAIWANESE Parliament has passed a revised securities and exchange law which allows new stock brokerages to be established and foreign brokers to open local branch offices. Page 20

INDONESIA is to introduce a revolving underwriting facility to further ease liquidity problems in the business sector. Page 20

BAYER, West German chemicals company, is seeking damages against Evans Medical, UK drugs manufacturer, which it alleges is breaching its patent on the Adalat heart drug. Page 19

TEXACO, US oil company facing a bankruptcy case, may have to pay up to $6.5bn in back taxes. Page 19

Nigeria's creditors accept $3.25bn trade debt package

BY PETER MONTAGNON AND MICHAEL HOLMAN IN LONDON

A MAJORITY of Nigeria's commercial creditors yesterday voted in favour of a controversial scheme to reschedule some $3.25bn in unpaid trade debts over the next 22 years.

However, the vote, cast amid unprecedented security conditions at the Wembley Conference Centre in London, was immediately challenged by Confidential Recoveries, a Hongkong-based group of creditors, which said participants had been subject to intimidation because details of the vote would be available to the Nigerian authorities.

Creditors holding promissory notes worth $2.2bn of the outstanding debt voted in a show of hands at the two-hour meeting 248 in favour to 112 against.

However, this remains subject to a further count to confirm that the votes in favour represent the required 66 per cent majority by value.

If the rescheduling plan, which covers uninsured supplier credit stretching back to the early 1980's, goes ahead, Nigeria will have overcome another major obstacle to economic recovery.

The country's military government has already reached rescheduling arrangements with commercial banks and official export credit agencies, allowing it to restructure a large part of its $23bn external debt.

Creditors at the meeting described the atmosphere as orderly and resigned.

No one spoke in favour of the plan, but the vote reflected the conclusion that little was to be gained by rejecting the terms offered.

Senior representatives of the Nigerian Central Bank denied that the terms were unfavourable compared to those accorded to commercial banks and official creditors.

Unlike the commercial creditors, both of these are expected to make new loans available to Nigeria.

Chief C. Nwagwu, the most senior official present, said the scheme offered the "most practicable and affordable option".

"If there is an improvement (in the country's economy), Nigeria would assuredly accelerate repayment," he continued.

However, creditors leaving the meeting said they were concerned at an announcement by its chairman, Mr Bill Clark of the Law Debenture Trust Corporation, that the Central Bank would have access to the names of those that voted against the plan.

Mr John Krzywkowkski of Confidential Recoveries said this meant the vote should be declared null and void.

"We are contemplating an injunction right now to restrain the Electoral Reform Society, Chase Manhattan and the Trustees from giving any information to the Nigerians except the actual voting figures," he said.

The Electoral Reform Society was last night checking the ballot papers to calculate the monetary value of the votes cast.

Chase Manhattan has been helping the Nigerian Central Bank to reconcile claims made by creditors with records held in Nigeria itself.

The Trustee for the debt is Law Debenture Trust which organised the meeting.

Officials of the Law Debenture Trust were not available to comment on Mr Krzywkowski's statement last night.

Among other complaints raised by creditors after the meeting was a revelation by Mr Clark that a group of US corporate creditors had been paid

Continued on Page 18

Lawson urges US to cut deficit in support of $

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MR NIGEL LAWSON, the UK Chancellor of the Exchequer, yesterday stepped up pressure on the US to raise interest rates and to cut its federal budget deficit to back up its renewed commitment of the past 10 days to supporting the dollar.

He was speaking during a House of Commons debate on the autumn economic statement, during which he announced that the Budget would be on Tuesday, March 15.

While presenting an optimistic view of the economic prospects for Britain, Mr Lawson said he would not hesitate to act if he judged there was a risk to inflation objectives.

Mr Lawson was strongly pressed to increase spending on the National Heath Service, both by Mr John Smith, Labour's Shadow Chancellor, and by Mr John Biffen, the former leader of the Commons, who urged an expansion of health resources equivalent to between 1p and 2p off the basic rate of income tax. This amounts to between £1.3bn and £2.6bn in a full year.

The central theme of Mr Lawson's speech was the urgent need for the US to do more. He said the current strength of the world economy provided a breathing space to get on to a more sustainable footing.

While some of the necessary steps had already been taken, he said more action needed to follow. Provided the right policies were put in place and pursued, "although there may be some slowdown in world economic growth, I am confident we can avoid the twin dangers of inflation and recession".

In particular, he criticised US attitudes towards the dollar at the end of last year and strongly welcomed the renewed commitment to supporting the dollar by the US authorities since last week, as shown by the deliberately public intervention by the Federal Reserve in concert with other central banks.

"This ending of a brief but damaging phase of so-called benign neglect is a step in the right direction."

But he said it was "idle to suppose that official intervention on its own, even when it is co-ordinated internationally and involves full US participation, amounts to a coherent policy." He stressed this meant a consistent monetary policy.

Mr Lawson warned that repeated dollar depreciations, so far from speeding up the adjustment of the current account, could only add to the length of time before the developments fed through.

He said this was "particularly the case if, at the same time, domestic activity is not adequately reined back."

After welcoming the approval by Congress of a package to cut the budget deficit, he said these steps would not "be sufficient, by themselves, to reduce the deficit to a tolerable level."

Any reduction of the current account imbalances would, he stressed, depend on domestic demand in the US growing more slowly than in Japan and West Germany for some years.

Mr Lawson reaffirmed his view that there are "clear advantages in a more managed approach designed to prevent the wild gyrations of recent years, particularly in the dollar, and in so doing achieving greater international co-operation in economic policy more generally."

Scepticism on US dollar policy, Page 4; Currencies, Page 27; World Stock Markets, Page 38.

W Germany struck by fresh nuclear industry allegations

BY DAVID MARSH IN BONN

A SCANDAL over irregularities in the West German nuclear industry took a dramatic twist last night with new allegations that material capable of making nuclear bombs had been sent illegally from the Federal Republic to Pakistan and Libya.

Mr Klaus Toepfer, the Bonn Environment Minister, said last night that if the "terrible suspicion" proved to be correct, it would add a further dimension to months of investigations by state prosecutors into the Hanau-based Transnuklear atomic waste transport company.

He said he could not rule out that irregularities at the company, which up to now have centred on suspicions of corruption and infringement of safety regulations, had also included diversions of fissile material abroad.

The allegations, if proved to be correct, would represent a politically explosive infringement of the Non Proliferation Treaty.

The Environment Committee of the Bundestag was called to a special meeting last night to hear a report by Mr Toepfer on the allegations.

This came after a Bonn Government decision earlier in the day to order the operational closure, until further notice, of the parent company of Transnuklear pending the completion of inquiries.

The parent company, Nukem, dealing with nuclear fuel cycle technology at a large atomic industry site at Hanau near Frankfurt, will have its operating licence withdrawn under the procedures of the country's Atomic Law on the grounds that it knew of irregularities at Transnuklear as long ago as last summer, but failed to inform the authorities.

The closure decision was taken by Mr Toepfer, who has responsibility for reactor safety. He yesterday ordered the Hesse state government, which has formal responsibility for Nukem and Transnuklear, to withdraw the operating licence.

Because of exceptional public sensitivity over nuclear energy in the Federal Republic, this latest development is likely to deliver a further powerful blow to the already low confidence in the atomic industry.

The Transnuklear controversy has added considerable strength to the campaign of the Opposition Social Democratic Party (SPD) and the Greens for a fundamental move away from nuclear power.

The Christian Democrat-led coalition in Bonn has up to now taken a firm pro-nuclear line.

Lionel Barber reports from Washington on the public response to events in Gaza and on the West Bank

A Palestinian kisses UN special envoy Marrack Goulding, who has now extended his visit to the occupied territories

UN calls for return of Palestinian deportees to homes

BY ANDREW WHITLEY IN JERUSALEM AND OUR UN CORRESPONDENT

THE UNITED Nations Security Council yesterday called on Israel to rescind the deportation of four Palestinians it sent to Lebanon on Wednesday after accusing them of inciting the recent unrest in the occupied West Bank and Gaza Strip. The US abstained.

The move came as Israeli authorities detained 10 prominent Palestinians from the occupied territories and Arab East Jerusalem.

Among them were moderate nationalist leaders who have acted as unofficial spokesmen for Arabs in the territories.

The detainees included doctors, lawyers and journalists such as Mr Hanna Siniora, the internationally known editor of Al Fajr, a leading Arabic daily. All have publicly eschewed violence.

Last week, Mr Siniora – one of two Palestinians from the occupied territories chosen to participate in an abortive joint Jordanian-Palestinian delegation for talks with Israel – announced the start of a campaign of civil disobedience against the Israeli Government.

Little heed has so far been taken of his call, but it is this which appears to have triggered the move against him.

Mr Siniora was later released on bail.

In a parallel move in Gaza, the military authorities rounded up three respected civic leaders, who were later released after questioning.

The Gaza Strip was quiet for much of the day, with seven of the eight large refugee camps in the territory under strict curfew.

However, during the afternoon disturbances broke out in part of the Jabaliya camp, scene of much of the worst violence of the past five weeks. Local residents said a 14 year-old boy had been killed by army fire.

Across Israel in the West Bank, a 30 year old man died under mysterious circumstances on an army firing range in the Judean Desert.

A spokesman said the army was investigating.

If it is confirmed that the two died as a result of the army's action, the unofficial toll of fatalities will have reached 39.

Israel was asked in the UN vote to return the deportees to their homes and not to expel any more Palestinians.

Gen Vernon Walters, the chief US delegate, explained his abstention by saying that to raise the matter repeatedly in the 15-nation Security Council did not assist the process of restoring calm.

However, the move appeared to confirm a recent toning down of American criticism of Israel.

The US was attacked by Israel for supporting a resolution last week asking Israel to desist from deporting Palestinians.

In Lebanon, attempts were being made to return the deportees.

All Israel's Arab neighbours have refused to take responsibility for them, and Israel has said it will not allow them back.

There was strong criticism of the US last night from King Hussein of Jordan. In an interview with British television he said the US would bear "a terrible responsibility" if the violence continued in the occupied territories. He said Arab and Israeli moderates had been let down by a series of missed opportunities for negotiation.

US views Israel's 'deadly embrace'

THE RECURRENT violence in the Israeli-occupied West Bank and Gaza Strip has become a familiar, if depressing, image on the American television screen.

Scarcely a night passes without an earnest presenter reciting the latest Palestinian death toll, or television footage appearing which, more often than not, points blame at Israeli soldiers.

The damage wrought by this pictorial bombardment has not been lost on the Israeli Government which has finally sought to curb the cameras, official protests notwithstanding.

Of more immediate interest to Israel is whether the overwhelmingly negative images of the past month will prove more than a short-term public relations disaster in the US, which remains its closest ally.

Throughout the past 30 years, public opinion in the US has been notably consistent in its sympathy for Israel: the image of a beleagured, democratic state – "the island of courage in a sea of aggression" – has proved remarkably resilient. Support for Israel has assumed permanency in the US foreign policy consensus.

Yet that support in turn has been sustained by America's Jewish community which, through its cohesiveness and dynamism, has successfully promoted the cause of a Jewish homeland free from Arab aggression. How the events in the occupied territories play out in the internal debate among America's Jews could therefore have an important impact on public opinion and public policy in the US.

Even before the riots in the occupied territories erupted, several prominent Jewish leaders had publicly voiced doubts about the Israeli Government's policies in the occupied territories. Last September, for example, the American Jewish Congress urged Jerusalem to consider new formulas for ending rule of the territories. "We see it as a deadly embrace," said Mr Henry Siegman, the executive director.

Mr Siegman regards the Gaza uprising as a new phenomenon quite unlike the PLO-backed terrorist acts which have aroused sympathy for Israel in the past. "Israel has not dealt with this sort of open revolt before...it is clear that the continuation of the status quo is going to exact a horrendous price."

Like several other liberally inclined American Jewish leaders, Mr Siegman supports the forum of an international peace conference to tackle the prob-

Continued on Page 18

Drivers Jonas Delivers Deals on Business Parks

The Markets Group Business Space Team has acquired a 240,000 sq.ft. corporate office headquarters and computer centre at Windmill Hill Business Park, Swindon on behalf of Galileo Distribution Systems.

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CONTENTS

MERGER TO DEFY THE MAINSTREAM IN QUEST FOR SUCCESS

Asea Brown Boveri chief Percy Barnevik, who is aiming at market dominance, Page 20

UK dairies threatened by Europe milk quota

From Tim Dickson in Brussels

ABOUT 25 per cent of all butter-making capacity in England and Wales is being forced to close because of the European Community's increasingly toogh regime to control milk production.

The plans, which are certain to involve plant closures and job losses, were revealed last night by the Milk Marketing Board (MMB), the farmer co-operative which has a monopoly over milk supplies in England and Wales and the Dairy Trade Federation which represents dairy producers.

A spokesman for the MMB confirmed that a proposal to compensate the affected factories has been presented to the Minister of Agriculture in London and that clearance for the payments was currently being sought from Brussels.

esterdsy's development comes at a time when the entire EC dairy industry is struggling to cope with last April's six and a half per cent cut in EC milk quotas, the production control system introduced by the Community in 1984.

This sets a clear ceiling on the quantity of milk which is produced in member states and penalises those who go over the limit with a fine or "superlevy" of 100 per cent of the market value of the excess.

The system is increasingly being seen as one of the most effective means yet of controlling the spiralling costs of the Commoo Agricultural Policy (CAP).

At the same time, however, it has resulted in severe milk shortages in many regions of the Community - notably the Netherlands - and has forced many dairies starved of their raw material to shut down butter-making capacity.

The MMB explained last night that butter manufacturing is among its least profitable activities

Swiss rates fall

Swiss interest levels continued their decline yesterday when the country's four leading hanks cut time-deposit rates to their lowest point in over eight years, writes John Wicks in Zurick.

The rate for three-month deposits has been reduced immediately by Union Bank of Switzerland, Swiss Bank Corporation, Credit Suisse and Swiss Volksbank to 1.75 per cent. It was last so low in late 1979. At the same time, 4-5 month deposits will now earn only 2 per cent,

Daimler-Benz chief calls for pay freeze

BY ANDREW FISHER IN FRANKFURT

WEST GERMANY'S gloomier economic outlook yesterday prompted a cootroversial call for n pay freeze and, if necessary, a cut in wages from Mr Edzard Reuter, chairman of Daimler-Benz, the country's largest industrial group.

At the same time, concern about the German economy was expressed hy Mr Karl Otto Poehl, president of the Bundesbank. "The outlook is not rosy," he said. This year's likely growth rate would be too weak to cut onemployment, now more than 2.3m people, or Germany's high surpluses.

After economic growth of only 1.7 per cent in 1987, the lowest since 1982, the Government again expects between 1.5 and 2 per cent expansion this year. The Economics Ministry said the world economic situation was unstable, as shown by the state of financial markets. But it saw no need for more action to stimulate the German economy.

Mr Reuter's argument for a halt to wage rises is the first by s leading industrialist in the current economic slowdown. He said in an interview with the Stuttgarter Nachrichten newspaper that German labour costs would have to be reduced if the numbers out of work were not to rise dramatically.

Rises in productivity could no longer be passed on in higher wages, he said. The situation did not justify wage reductions, but these could not be excluded. He added that the move to shorter working hours would have to end. Ths IG Metall trade union, with its sights still set on a 35-hour week in the 1990s, rejected the Daimler chairman's statements on both pay levels and hours.

Mr Reuter, who criticised what he called western governments' "catastrophic lack of economic policy-making competence" in a recent speech, said Daimler did not plan any short-time working in its car plants. In the last four years, it has created 20,000 new jobs.

Referring to the effects of the sharply weaker US currency, he said the competitiveness of goods exported to the dollar area had been clearly put in doubt. "I can think of very few industrial sectors that are in a position to export their products from Germany to the dollar area and earn sufficient profits for long at the present dollar rate."

Ryzhov calls for talks on Atlantic

SOVIET Prime Minister Nikolai Ryzhkov said yesterday that military activity should be banned in large areas of the Atlantic and other northern seas and called for a meeting of NATO and Warsaw Pact experts to discuss the idea, Reuter reports from Oslo.

Speaking at a banqnet In Oslo, Mr Ryzhkov said Moscow wished to develop an initiative for northern European security and co-operation put forward by Kremlin leader Mikhail Gorbachev in Murmansk last year.

He said at a meetlog of experts from the two military blocs Moscow was ready to reach agreement on five points:

- limitation of major air and naval manoeuvres in the northern eeas to one every other year
- banning of anti-submarine activities by the Soviet Union and the US areas of the north and west Atlantic
- banning of naval exercises in the major commercial sea lanes of the north Atlantic and major fishing banks
- limitation of the number and class of ships allowed to concentrate in bays and sounds in international waters
- inclusion of all the Baltic Sea approaches, the Channel and the seas between Iceland and Scandinavia in any agreement on limiting military activity.

Renter raporte from Moscow: Soviet journalist Vladimir Pimonov has been granted permission to leave the Soviet Union to join his Danish wife after waiting four years for an exit visa.

Pimonov, 32, said yesterday that he had been given his passport and visa and intended to leave for Denmark within the next two weeks. He said the anthorities no longer considered him s security risk.

"Now they bave changed their conception of security," he said. "That's perestroika," he added, referring to Soviet leader Mikhail Gorbachev's program for political and economic reform.

Mr Pimonov said he would buy his ticket today. He would travel by train through Finland and Sweden to Denmark to join his wife Lise Pedersen, 28, and their two-year-old daughter Christine-Marie.

In recent months, the Soviet authorities have granted exit visas to n number of so-called "divided spouses" – Soviet citizens with wives or husbands abroad.

Moscow complains US data on missile destruction is 'bad'

THE SOVIET UNION said yesterdsy that there were problems about US photographs of missiles due to be scrapped under terms of the Intermediate Nuclear Forces (INF) signed in Washington last month, Reuter reports from Moscow.

"The United States was very bad at taking pictures," Foreign Ministry spokesman Mr Gennady Gerasimov told a press conference. He was referring to pictures of missiles due to be destroyed.

"They took the pictures from the wrong angle, without a reference ruler," he said. "Besides, the United States has so far failed to provide us with data on elimination sites of US missiles and launchers."

The US and the Soviet Union agreed to exchange photographs and other data about weapons covered by the treaty which provides for the elimination of their medium and shorter range noclear missiles.

Washington said on Wednesday that it had asked Moecow to explain why a Soviet photograph of a shorter-range SS-23 missile, due to be destroyed under the treaty, showed the weapons as shorter than Soviet data had suggested.

Mr Gerasimov said Soviet officials had told the US yesterday that the Soviet missile was photographed without a "connecting compartment" that connects the front section to the hull.

He said the section had been left out because US and Soviet negotiators had not stipulated heforehand wbether the connecting section belonged to the warhead or the body of the missile.

"Ws drew atteotion to the fact that the pictures provided to us by the US side dealing with Pershing 1-A, Pershing 1-B, Pershing 2 and ths BGM109G sea-launched cruise missile launcher differ seriously from the requirements which had been agreed upon by the Soviet and US delegations at Geneva," he added.

"So if we were not precise in photographing, at least there had been no agreement on the connecting section," Mr Gerasimov said.

Mr Gerasimov also said Moscow thought it odd that the US was continuing to test the Pershing 2s. The US Army conducted a test of an unarmed Pershing 2 missile in Cape Canaveral on Wednesday

- Disgraced former Moscow Communist Party chief Boris Yeltsin, admitted to hospital with beart trouble after being sacked last November, has begun work at his new, lower-ranking post, a Soviet spokesman said yesterday, Reuter reports.

"Boris Yeltsin has started work," Foreign Ministry spokesman, Mr Gennady Gerasimov told a news conference, "but his physicians have recommended that he ehouldn't work full hours."

Mr Yeltsin, an outspokso advocate of reform was sacked on November 11 last year for "gross political errors."

One week latar it was announced that he had been appointed first deputy chairman of the State Construction Committee, a post carrying ministerial rank.

Hunger strikers in Paris give victory signs after yesterday's about turn

French U-turn on expulsions

BY IAN DAVIDSON IN PARIS

THE FRENCH government yesterday surrendered to domestic and international pressure and reversed its decision of last month to expel 15 opponents of the Iranian regime.

Its backdown brings to an end a situation which threatened to prove damaging in the run-up to the presidential election.

Yet the reversal could also prove embarrassing for a government which has prided itself on its strength and consistency. When ths expulsions were announced, the government was accused of giving way to pressure from Tehran, and of a shameful bargain with terrorists. Now it risks being accused of giving way to pressure from Iranian exiles and their supporters.

Opposing the expulsions were not only the government's domestic opponents and an increasingly enfeebled group of Iranian hunger strikers, but also President Francois Mitterrand, the UN High Commission for Refugees, and an army of parliamentarians in the US and Europe.

The Ministry of the Interior said seven of the expelled Iranians would be permitted, "for humanitarian reasons", to return from Gabon to France.

The remaining eight (five Iranians and three Turks) would be permitted to leave Gabon to live in Spain.

At the time of the expulsions, the government cited "national security". But the move followed hard on the heels of the release of two French hostages held in Lebanon, Roger Anque and Jean-Louis Normandin, and critics accused the government of sacrificing the Iranian exiles in n covert deal with Tehran.

Since then 11 of the expelled Iranians and about 40 of their families and sympathisers in Paris have been on hunger strike. Other sympathisers have staged hunger strikes outside the French embassies in Washington and London.

By the beginning of this week nine hunger strikers in Paris and seven in Gabon had been admitted to hospital. Yet only on Monday, the 35th day of the hunger strike, Mr Jacques Chirac, Prime Minister, said there could be no question of going back on the decision.

Mr Pierre Messmer, a former prime minister and one of the senior barons of Gaullism, described the government's decision as a "wise solution". The wisdom of the decision became clear earlier this week, when an administrative tribunal in Paris revealed serious weaknesses in the government's case for the expulsions, and the prospect that it might be partially reversed by the court.

Hungary's veteran party leader under pressure to resign

BY LESLIE COLITT IN BERLIN

MR JANOS KADAR, the 75-year-old Hungarian leader, will face pressure from Communist Party officials to step down after 31 years in power at a special Communist party conference to be held in the first half of this year.

The officials, however, are sceptical that Mr Kadar will agree to relinquish the post of party general secretary although his stature within Hungary has greatly suffered in the past year. Mr Kadar's long standing policy of gradualism is being blamed for most of the nation's acute economic problems as well as the widespread mood of despondency among Hungarians.

Mr Kadar's speeches are frequently rambling and disconnected and he gives an impression of great weariness. But he is said to be refusing all suggestions that he retire gracefully.

The issue was highlighted by a satirical programme on Budapest radio which presented Mr Kadar vitually as an emperor without clothes.

In one sketch Mr Kadar was spoofed as "Comrade Authoritative" who said "now let others take over...I've had enough".

Asked whether he was serious about retiring, the lampooned Mr Kadar replied Hamlet-like: "I do not know what I want. I would like something. I am no longer altogther my own master. Sometimes I am told things which are not what I wish to say. I am still full of energy but there is no direction for it, no meaning in it any more. This energy could be well utilised."

Asked where, he said in a power station or at airport receptions.

"I could wave there. I can kiss very nicely. At any rate comrades I can tell you one thing: I shall not leave you orphaned. I have ensured a replacement. Over many years I have trained the expert whom you can trust, who will carry the cause forward."

Pressed as to who the successor will be, the fictional Mr Kadar replies: "Who comes after me? Comrade Deluge."

This biting satire is wholly different from the harmless spoofs on Mr Kadar which made the rounds in receot years. It refers directly to the past occasions where he expressed the desire to step down but failed to do so. Senior party officials often said Mr Kadar would not relinquish power until he had chosen a successor.

The man seen as n front runner is the prime minister, Mr Karoly Grosz, wbo recently admitted in an interview that after the Hungarian uprising in 1956 he had wanted a social democrat party to be legalised in Hungary along with a smallholders party and a civil democratic party.

Mr Grosz said it would be false to say n "power struggle" was taking place in the leadership. He claimed there was not even rivalry, noting that this was a "very sad situation".

The lack of a healthy struggle in the leadership to gain the greatest influence by decent, clean methods was terribly damaging to the movement.

Hopes rise in Barents Sea dispute

By Karen Fossli in Oslo

MR NIKOLAI Ryzhkov, the Soviet Prime Minister, arrived in Norway yesterday for talks with his Norwegian counterpart, Mrs Gro Harlem Brundtland, that will cover a long-running dispute over economic zones in the Barents Sea.

Norwegians have grown more optimistic about a solution to the dispute following agreement between Mr Ryzhkov and Sweden on Wednesday over boundaries in the Baltic. But there are major strategic issues, involving the interests of Norway's Nato allies, which could hamper a similar deal over the Barents.

The Barents Sea offers access to the North Alantic, and scientists say it is a potential source of oil, gas and minerals.

The disputed area covers 155,000 square kms, or 10 times the area affected by the Baltic accord. Agreement has already been reached by Norway and the Soviet Union on sharing fishing rights in the so-called grey area north of the Kola peninsula.

The Norwegians want to base an agreement on the mid-line principle. This puts the demarcation further east than the Soviets have been willing to accept. The Soviets want to follow the sector-line principle which puts the demarcation line farther west.

In September Mr Edoard Shevardnadze, the Soviet Foreign Minister, paved the way for fruitful Barents Sea discussions

Nevertheless, in Norway it is not widely believed that Mr Ryzhkov's visit will resolve the row.

Five other agreements are expected to be signed. These cover early warning arrangements for nuclear accidents; air pollution; sea rescue operations in the far north; trade credit through Norwey's Exportfinans; and polar research.

Chirac to announce candidacy

PRIME MINISTER Jacqoes Chirac will make an early announcement of his candidacy for this spring's presidential elections, former President Valery Giscard d'Estaing said yesterday, Reuter reports from Paris.

Mr Giscard d'Estaing said the conservative leader unveiled his plans at a hastily arranged meeting during which the two allies discussed the campaign.

Mr Chirac, 55, had previously intended to delay his entry into the race for as long as possible in order to present the image of a hard-working head of government.

Bnt he bas apparently decided to bring the announcement forward to next week in order to fight his main rival on the right, former Prime Minister Mr Raymond Barre, on equal terms.

Azores seek added aid for US base

PORTUGAL wants more aid from Washington for US use of a key military base oo the Azores, the head of the islands' regional government, Mr Joao Mota Amaral said yesterday, Reuter reports from Lisbon.

But Mr Mota Amaral told reporters the American military presence was assured at the Lajes base in Terceira, one of the mid-Atlantic archipelago's nine islands.

"It is in the interest of both countries to maintain the base. Everyons has advantages, everyone gains. There is no anti-American hostility," he said.

Mr Mota Amaral said he was unhappy with the level of US economic and military aid which last year fell far short of sn annual $200m promised in a treaty giving Americans use of the base.

The US Congress approved only $147m of assistance in 1987. The Azores, which are semi-autonomous, got about $40m of this, the regional leader said.

"We want more aid for the Azores and for Portugal as a whole. It is up to the US Administration to convince Congress to honour its international commitments," he said.

Prime Minister Anibal Cavaco Silva has said Portugal may take up an option this year to renegotiate the accord

Mr Mota Amaral was in Lisbon to meet Mr Cavaco Silva and President Mario Soarea about the Lajes base and regional issues.

US Defence Secretary, Mr Frank Carlucci is due in Lisbon early next month for talks.

They are expected to focus on the Azores base and the withdrawal of F-16 fighters from Spain. Portugal has been cited as a possible new site for the aircraft

Reshuffle at Italian steel group

By Our Rome Correspondent

FINSIDER, the holding company for the Italian state-owned steel industry, yesterday announced a reshuffle of top management at most of its main operating groups.

Although no senior manager is leaving and most are hopping from one group to another, Finsider is presenting the changes as part of its long awaited recovery plan. With last year's losses expected to have been at a near-record L1,600bn, Finsider's new strategy is expected to be delivered to the board of Iri, which oversees most of Italian public industry, at the end of next week.

The most significant change is at the top of Italsider, the largest operating company and loss-maker where the president and managing director, Mr Michelle Civallero and Mr Sergio Noce, will make way for a single executive president, Mr Giorgio Benevento. Mr Benevento is currently Finsider's director general and has played a key role in formulating the recovery plan which involves 25,000 job losses, plant closures and sales to the private sector.

Mr Civallero will take over as president at Dalmine, which manufacturers tubes and pipes, where the managing director will be a former Montedison manager, Mr Ulrich Duden.

The new managing directors at Deltasider (special steels) and Terni (flat stainless) will be Mr Ottavio Lecis and Mr Attilio Angelini.

Reform of state banks urged

BY DAVID LANE IN MILAN

ITALY'S socialist treasury minister Mr Giuliano Amato has called for major changes to state-owned banks. He says the banks are inefficient and unable to respond to market requirements.

Mr Amato's criticisms coincided with parliamentary hearings on the recapitalisation of four public law credit institutions owned by the treasury and the three nationalinterest banks belonging to the state holding corporatioo IRI.

Following the introduction of capital ratios at the end of 1986, the country's credit institutions have been allowed four years to ensure that their balance sheets satisfy the Bank of Italy's requirements.

Five of the state-owned banks face the need to raise fresh capital. The problem is particularly acute for Banco di Napoli which needs more than L800bn.

Two other southern banks also suffer from capital shortages, Banco di Sicilia needing L550bn and Banco di Sardegna L50bn. It is estimated that Banca Nazionale del Lavoro, Italy's biggest bank, requires L300bn to satisfy the central bank's ratios. A similar amount is needed by the IRI subsidiary Banco di Roma.

Mr Amato suggests that the provision of capital by the treasury should be subject to modifications to the banks' statutes. He proposes that the public law banks should be transformed into joint stock companies with wider ownership and believes market pressures would lead to improvements in management and efficiency.

The Bank of Italy also favours the transformation of the publicly-owned banks into joint stock companies. The monetary authorities believe there should be no difference of corporate structure between the private and public sectors and emphasise that as joint stock companies Italy's state banks would obtain easier recognition in foreign markets.

However, belief that the treasury minister's proposals mean that the state should exercise control over banks in the public sector indirectly, through two medium term institutions IMI and Crediop, has caused concern. Crediop has a socialist chairman and it is reported that IMI's next chairman will also come from Mr Amato's party.

Italy's public sector banks dominate the country'e banking system, with more than three quarters of the market. Full privatisation is considered improbable, not least because senior appointments are shared on a party political basis.

French prices rise by 3.1%

By George Graham in Paris

FRENCH consumer prices rose 3.1 per cent last year, a higher rate than 1986 when falling oil prices kept inflation to 2.1 per cent. But with December'e rise of only 0.1 per cent, the figures yesterday from the State Economics Institute, Insee, showed inflation remaining at the slow pace of recent months.

The Finance Ministry said that if energy costs were excluded, last year'e inflation was the lowest in France for 15 years. Officials add that over the last ten months, excluding sharp rises seen a year ago in some service sectors after the abolition of most price controls, inflation has been running at an annual rate of around 2.5 per cent, in line with the government's budget forecasts for 1987.

Paris-Dakar rally loses its way as the going gets tougher

George Graham reports on a sporting event which has become an endurance test

IN THEIR matching white jumpsuits and pale blue bomber jackets, the organisers of the Paris-Dakar rally look like chic assault troops campaigning in the Saharan sands.

And like a military campaign, the rally – a three-week slog across the deserts of Algeria, Niger, Mali, Mauritania and Senegal – has its casualties.

This year, at the half-way stage, the tally stands at two deaths, two probable quadriplegics and a string of broken legs, wrists and ankles. Perhaps the most stupid injury is the smashed ribcage of a mechanic who was run over as he lay asleep on the ground in the rally bivouac.

There are also reports of a competitor killing a child spectator on the arrival of the race earlier this week in Niamey, the capital of Niger.

The deaths have fuelled the polemic over n 10-year-old event which, if it has not yet lost its way, is at least having trouble maintaining its uncomfortable balance between motor race and Saharan adventure.

Apart from the safety aspect, the rally also leaves a sour taste in the mouths of many who see it as an unsavoury

European Diary

France

parade of Western wealth in some of the world's poorest countries.

Eating foie gras and drinking champagne in Niger – which has a national income per capita of around $200 a year – is conspicuous consumption by any standards.

Yet the inhabitants of Tamanrasset, in the Hoggar mountains of southern Algeria, appear profoundly indifferent to the race caravan that passes through once a ysar, while their Tuareg cousins over the border in Agadez seem to find the race a good excuse for n festival, as well as a marvellous sales opportunity for their silver and leather crafts.

Still overshadowed by the ghost of its founder, Mr Thierry Sabine, who was killed in an air crash during the race two years ago, the Paris-Dakar rally is now dominated by the huge professional teams of automobile constructors such as Peugeot, Yamaha and Mitsubishi.

This year, as in 1987, the race leader is Mr Ari Vatanen, the Finnish rally driver, driving a Peugeot 405. Second is Mr Juha Kankkunen, another Finn, in a Peugeot 205 that is virtually identical to the 405.

They are backed up by a 60-strong team of mechanics, cooks and doctors.

Some of the rally organisers feel that the 400hp turbo-charged Peugeots are largely responeible for increasing speeds in the race and thereby decreasing safety.

Unlike other rallies, the support trucks must follow the same route as the race drivers. After a stage of up to 1000km the trucks often roll in well past midnight and must then set to work on their leaders' cars before setting off again the next morning to do it all over again.

For the amateur drivers with little or no back-up, the chances this year were reduced by n gruelling first stage which eliminated all but the best of the support vehicles. After a week, little more than a third of the 600-odd starters were still in the race.

If drivers lose their support, they have to do their own repairs, queue for two hours at the only petrol pump in Tamanrasset and then for another two hours at the food tent. The slightest mechanical failure means elimination.

"The start of the rally was too difficult this year, not for us but for the amateurs," said Mr Vatanen this week.

"It is unreasonable. They realise that not many of them will get as far as Dakar anyway, but at least let them get to Agades. You are not supposed to be here to torture yourself."

For Mr Gaston Rahier, a Paris-Dakar veteran and leader of the Suzuki Marlboro motorcycle team, the course mapped out by the rally organisers this year has been superb, but distinctly more difficult.

"Ws must rethink the race, make it more human. The support teams, for instance, who often have to drive 24 hours non-stop, let them form into groups, let them get on with their work."

But if the drivers, both professionals and amateurs, think they know what must be done to keep the rally faithful to the Sabine spirit, back in Paris the power struggle is elsewhere.

Mr Christian Bergelin, the French sports minister, has said that there will have to be limits on next year's race.

More ominously, Mr Jean-Marie Balestre, the power-hungry chairman of Fisa, the international motor sports federation, has grasped the opportunity to increase his hold over the Paris-Dakar race.

But the rally continues to exert a powerful lure over its veterans and over a band of brave but lunatic amateurs who dream that next year, perhaps, they will test themselves

It may be more difficult to sustain the interest of the French public, which is less prepared to give the benefit of the doubt to the current Paris-Dakar rally management

1988 Paris-Dakar Rally

For Mr Gaston Rahier, a Paris-Dakar veteran and leader of the Suzuki Marlboro motorcycle team, the course mapped out by the rally organisers this year has been superb, but distinctly more difficult.

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Li faces charge of corruption in HK court today

BY DAVID DODWELL IN HONG KONG

MR RONALD LI, former chairman of Hong Kong's Stock Exchange, was due to appear in court this morning charged with corruption linked to stock exchange transactions.

Details of the charge have yet to be released, but result from a four-month inquiry into stock exchange operations that led to the arrest of Mr Li and two exchange officials almost two weeks ago.

Li: charged today

Hong Kong's powerful Independent Commission Against Corruption has moved at breathtaking speed to draw up charges against Mr Li since his shock arrest on January 2.

This is seen as a clear reflection of political pressure on the Government to be seen to be sweeping clean after a stock market collapse in October that exposed flaws in the exchange's management and damaged Hong Kong's reputation as a leading world financial centre.

A brief statement from the commission said yesterday that Mr Li had been charged with an offence under Section 9 of the Prevention of Bribery Ordinance. This section deals with matters such as the illegal soliciting or acceptance of advantages and false accounting.

The arrest of one of Hong Kong's richest and most powerful business figures has drawn fresh international attention to apparent failures in the regulation of the territory's securities industry.

De Klerk rally broken up

AFRIKANER passions flared in the Transvaal farming town of Standerton on Wednesday night when about 200 members of the neo-Nazi Afrikaanse Weerstandsbeweging (AWB), broke up an election meeting chaired by Mr F W De Klerk, the Transvaal leader of South Africa's ruling National Party, Jim Jones reports from Johannesburg.

The AWB supporters shouted down Mr De Klerk and scuffled with 400 NP supporters for about half an hour until police used tear gas to break up the fighting. To add insult to injury, the minister's meeting was again disrupted shortly afterwards when lightning struck an electric pylon and blacked out the meeting hall.

Mr De Klerk had been billed to speak in favour of his party's candidate in a coming by-election. In last May's general election the ultra-right Conservative Party won the Standerton seat with a large majority but its victory was disallowed by the Supreme Court.

The coming by-election is expected to indicate whether white voters have continued to abandon the National Party and maintain support for the Conservative Party.

Roger Matthews reports on the prospect of a worsening conflict for Western media

Singapore takes on the 007 journalists

THE PROBABILITY of a worsening conflict between the Singapore Government and part of the Western media was clearly signposted more than 18 months ago.

In a colourfully controversial speech to resident foreign correspondents, Mr S Rajaratnam, long ago a member of the profession but now senior minister in the office of Prime Minister Lee Kuan Yew, announced his discovery of the James Bond school of journalism.

Its disciples were apparently on the prowl in Asia and could be identified, said the minister, by their belief in the 007 journalistic licence to destroy the reputation of leaders and governments in the region.

Two British examples of this breed cited by the minister were Mr Donald Trelford, editor of the Observer, and Mr John Pilger, formerly of the Daily Mirror.

He said that it was in anticipation of a possible coming conflict with the JBJs (James Bond journalists) that the Government had moved to safeguard Singapore by amending the Newspaper and Printing Presses Act in August 1986.

Under the terms of the amended Act, the Government has the power drastically to reduce the circulation of a publication which it judges to have meddled in the domestic politics of Singapore.

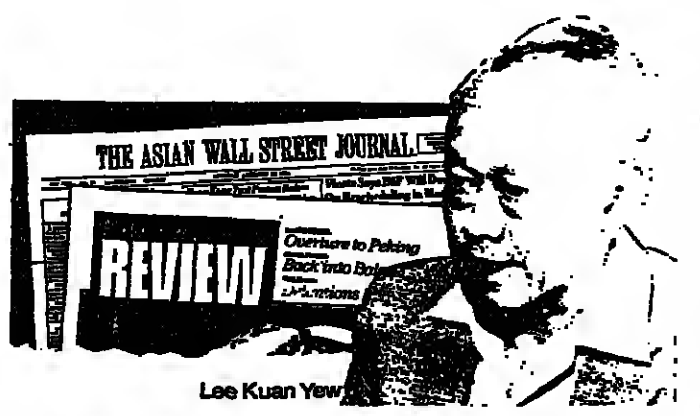
These so far found guilty under the Act have been some of the best-known and generally well-regarded publications in the region: Time Magazine, the Asian Wall Street Journal, Asiaweek magazine, and most recently, the Far Eastern Economic Review. The resident correspondent of the Economist newspaper was dealt with outside the terms of the Act. He was banned last year from speaking to officials for allegedly suggesting a split in the cabinet.

THE US News and World Report, an American weekly magazine, will close its Singapore office at the end of this month as part of an austerity measure, Reuter reports.

At the weekend The Economist, a British weekly, said it would move its bureau in Singapore to Hong Kong.

Both journals said the closures of their one-man offices in Singapore were not connected with the restriction on weekly sales of the Far Eastern Economic Review.

Time Magazine, having had its circulation chopped from 18,000 to 2,000 for refusing to print in full a letter of rebuttal from the Government, has now had the sanction lifted; the Asian Wall Street Journal is pursuing the issue through the courts, while the Far Eastern Economic Review has announced that, rather than see its circulation cut from 9,000 to 500, it will not circulate any copies at all in Singapore.



Lee Kuan Yew

Mr Lee Kuan Yew is also suing the Review for libel and already has a case pending against the Sunday Star in neighbouring Malaysia.

The Government has sought to maintain throughout that it is not denying the freedom of Singaporeans to read what they wish, but rather that it is seeking to prevent foreign publications from profiting financially by writing and circulating inaccurate stories about Singapore.

Accordingly, it makes those publications available at public libraries where readers may also photocopy articles in which they are interested. So anxious is the Government to maintain this principle that it is planning to counter the decision of the Far Eastern Economic Review not to make any copies available in Singapore by passing legislation to allow for the photocopying and distribution (without financial gain) of the magazine.

What this means for international copyright laws is unclear, but it does seem to imply that a publisher may no longer be at liberty to decide whether or not his publication should be distributed in Singapore.

In a country which, although a parliamentary democracy, is not noted for the vigour of its political debate, there has been predictably little public reaction

Privately, some Singaporeans, expatriate businessmen and Western diplomats believe the restrictions reflect a growing government intolerance of criticism, a common characteristic in other countries where a single party has dominated politics for a long period. In Singapore there is just one opposition MP in a House of 79 members,

The Business Times did, in October 1986, describe the action against Time Magazine as regrettable and more often encountered in "much less mature, or sinister, societies." But it did not subsequently repeat the argument.

The US Government also regretted the Singapore Government's action, but what no Western government or publisher can deny is the right of a sovereign government to do whatever it wishes in a democracy so long as it enjoys the support of the electorate.

Although the issue of foreign publications in Singapore is unlikely to figure prominently on the list of topics to be considered in the run-up to the general election expected later this year, the Government's attitude towards them may contribute to the perception the voters have of their current representatives.

In 1984 the ruling People's Action Party's share of the popular vote dropped by over 13 per cent. It was felt even by some of its own members to have partially lost touch with the electorate.

Whether it has regained that ground will not be known for some months, but the election results will probably be awaited with as much interest by some of the journalistic James Bonds as they are by the Government.

Taiwan faces life without a Chiang

BY BOB KING IN TAIPEI

IN TAIPEI'S shops and offices, it was business as usual yesterday, just one day after Taiwan's popular president, Chiang Ching-kuo, died suddenly at the age of 77.

But business as usual was not without its sadness – or even tears. Businessmen said that their staff reported to work as usual – but with an air of grief. Even the woman from the gas company, who came to my door to collect the month's rates, seemed unusually red around the eyes. In short, the Taiwanese seemed to be soldiering on.

But it must have come as a shock to many that suddenly, after almost 40 years, there was no longer a Chiang at the helm, and that the president they credited with having created the "Taiwan miracle" would no longer be around.

Shock and grief aside, people seem to be instinctively gathering behind Mr Lee Teng-hui, the newly-sworn, Taiwan-born president. Mr Lee, born 65 years ago today, is hardly the strong man many people feared might follow Mr Chiang. With a degree in agricultural economics from Cornell University in the US, a considerable fluency in English, and a genial and outgoing nature, he seems exactly the sort of person to carry on Mr Chiang's programme of reforms.

Also, Mr Lee will have Mr Chiang's former team of reform-minded allies (as well as some of his adversaries) with him as he begins his presidency. As the Republic of China's first Taiwanese president, he is likely to have little emotional baggage vis-a-vis the China mainland that could distract him from further reforms and liberalisations.

China has made fresh overtures to the Nationalist Chinese regime in Taipei following President Chiang Ching-kuo's death, Lynne Curry writes from Peking.

In an unusual gesture, the Chinese Communist Party sent its first-ever message of sympathy to Taiwan's ruling Kuomintang Party. The official Xinhua news agency also announced that Communist Party General Secretary Zhao Ziyang had expressed condolences at Chiang's death.

Editorial comment, Page 22

Troops take dislike to press in Gaza

ISRAEL, while avowing freedom of the press, is making it increasingly difficult for news media to cover unrest in the occupied West Bank and Gaza Strip, according to journalists and cameramen, **Reuter reports from Tel Aviv.**

The constraints include widespread curfews, the impromptu declaration of closed military areas and, in some cases, threats and physical assaults on journalists.

The restrictions reflect Prime Minister Yitzhak Shamir's view that Western media coverage of the riots in which Israeli troops have shot dead at least 37 Palestinians, has been biased.

"All soldiers hate the press now," an officer in the army spokesman's unit said this week.

Soldiers beat up Israeli photographer, Mr Amir Weinberg, took his film and broke his cameras last Saturday after they caught him taking pictures of troops hitting a Palestinian.

An officer earlier ordered another soldier to seize the cameras of Reuter photographer, Mr Spiros Mantzalis who was taking pictures of demonstrators clashing with troops outside the UN building.

On several occasions this week, troops have levelled guns at journalists photographing arrests or patrols in areas officially open to coverage. But Israel denies any intention to impose a South African-style blanket ban on coverage of unrest.

"There is no general policy to exclude the media from the territories," said Major Offra Prens, the army's foreign press liaison officer.

Palestinians in the occupied territories have generally welcomed the foreign media, but several press cars were attacked this week because protesters suspected they were being used as a cover by Israeli security men.

An Israeli security source has confirmed undercover agents from an army unit were travelling in the Gaza Strip disguised as journalists. But an army spokesman would only say the army had its own camera crews working in Gaza to collect evidence against rioters.

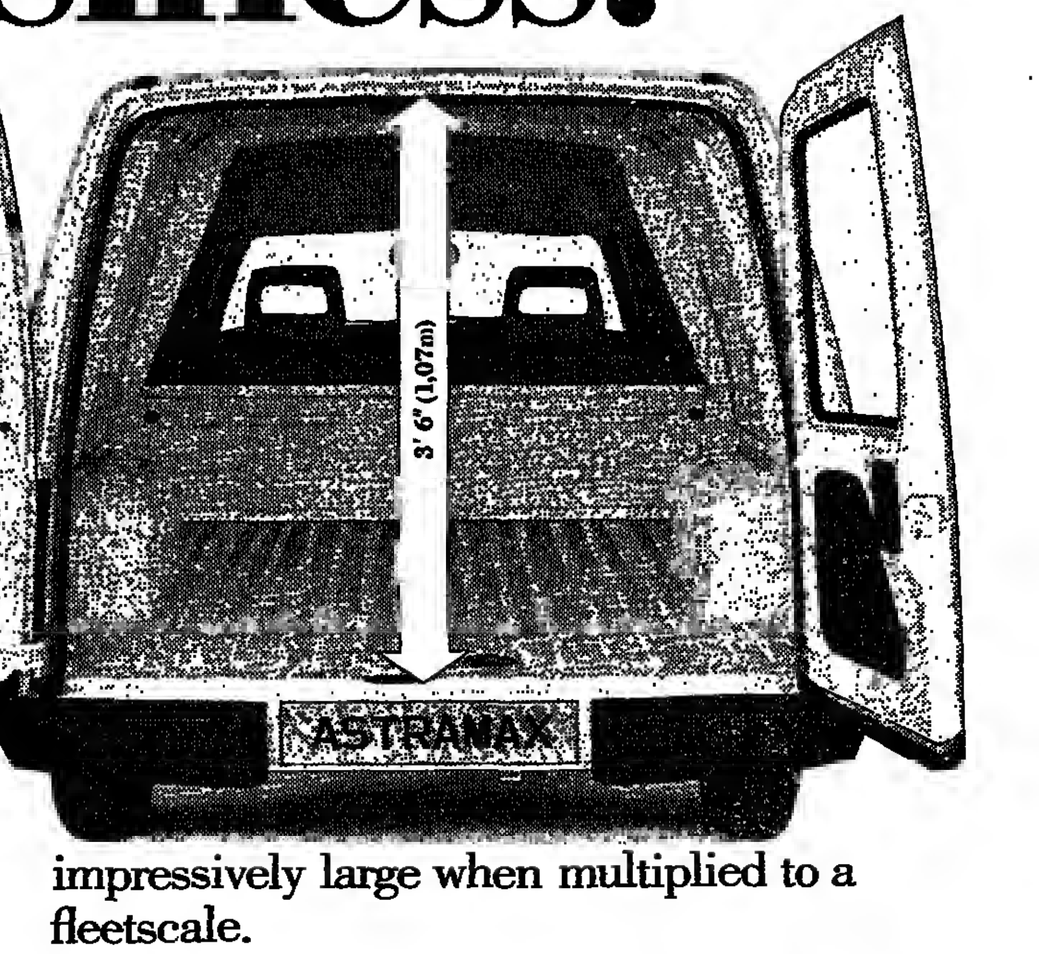
THE DAVID WATT MEMORIAL PRIZE

The tragic and untimely death of David Watt in March 1987 robbed the country of a man widely regarded as one of the outstanding writers, thinkers and political commentators of our generation.

The David Watt Memorial Prize is being introduced and administered by RTZ to commemorate his life and work. Those eligible for an annual prize of £2,000 will be writers who are actively engaged in writing for newspapers and journals, in the English language, on international and political matters. They will be those whose writings are judged to have made outstanding contributions toward the clarification of international and political issues and the promotion of greater understanding of such issues.

The closing date for entries and nominations in 1988 is 1st March. For full details, please write to: The Administrator, The David Watt Memorial Prize, RTZ Limited, 6 St. James's Square, London SW1Y 4LD.

Astramax operators consider the loftier aspects of business.



Room at the top makes the Astramax van a more accommodating business proposition than its major rival.

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Evaluating the suspension system isn't likely to be high on your list of priorities when choosing a van. But as the trade press uniformly report, it's the difference between the Astramax's good roadholding and the indifferent handling of other vans.

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Financial Times writers report on scepticism about US policy towards the dollar

Deal with Japan leaves Washington playing cagily

BY ANTHONY HARRIS IN WASHINGTON

"IT'S NO use," an uncle of mine used to sigh when he was baffled, as he often was. "You can't unscrew the inscrutable." Especially, he might have added, when the inscrutability is deliberate.

The bald announcement yesterday that the Americans and the Japanese have reached an agreement which will make more yen available to the US Treasury for currency market intervention was designed to be unrevealing – all monetary authorities agree that, in the game of intervention, the cards should be played close to the chest.

The only detail which Mr David Mulford, the US Treasury Under-Secretary for International Affairs, was prepared to concede to a frustrated press briefing was that the deal might include a swap of Special Drawing Rights for yen. Britain has long urged that this IMF-created liquidity should be mobilised this way.

This will reinforce the message which was sent to the market last week, when US intervention in support of the dollar resembled a cavalry charge, with bugles blowing and flags flying, proclaiming that the Administration is no longer trying to talk the dollar down.

What is far from clear is whether this reflects the official view on the exchange rate, or simply a distaste for raising interest rates. Academic opinioo in Washington is still sharply divided over the exchange rate.

Prof Richard Cooper, the head of the advisory panel of the Institute for International Economics believes that US industry is now adequately competitive, and it is time to try stability. Prof Martin Peldstein, the President's former chief economic adviser, remains an unyielding bear.

However, the argument is really about the long term, when the US needs to achieve a surplus on merchandise trade. In the long run, the US needs to shift nearly 5 per cent of national income into the trade balance; but this will take several years – perhaps as many as 10. For the present, real exports are growing at a rate in the low teens, imports have slowed sharply, and some US industries are nearing the limits of their capacity.

Even Mr Ralph Bryant of the Brooking Institution, another long-term bear, believes that there will be a strong improvement in the trade balance this year, and the less the dollar falls (which would raise import prices) ths stronger this short-term improvement will be. How strong this improvement is will depend a good deal on what happens to consumer spending, since no further change in government policy is likely this year. This has been showing signs of slowing down, but the latest figures from the Department of Commerce are disturbingly buoyant. Imports could still be sucked in.

Since the Administration's timetable runs out in November, the case for stability is very appealing. If the markets no longer fear that the dollar will be undermined from Washington, and see a stronger trade trend (though possibly not in the figures which will appear later today), then the dollar could float quite buoyantly. A self-supporting dollar would calm the Wall Street bond market, and take the pressure off interest rates.

The question which will still puzzle the markets, though, is how the Administration will react if this ideal scenario goes wrong. Up to now it has reacted by letting the dollar slide rather than tighten policy. It is now better armed to support the dollar in the markets, but unless intervention is backed with tighter policy at home, it is unlikely to work. The new arrangements have achieved uncertainty in the markets in place of outright pessimism. That could be all that was intended; and certainly, nobody was meant to be sure.

US told to raise interest rates

BY LIONEL BARBER IN WASHINGTON

MR ONNO RUDING, the Dutch Finance Minister and chairman of the international Monetary Fund policy-making Interim committee, yesterdsy strongly urged the US to raise interest rates to help stabilise currency exchange rates.

Mr Ruding said he did not share US policy makers' fears that higher rates would lead to a recession. But he conceded after meetings with Mr James Baker, US Treasury Secretary, and Mr Alan Greenspan, chairman of the Federal Reserve, that a US interest rate hike was "clearly not on the agenda".

Mr Ruding's comments echo the views of other European financial leaders who believe that further measures other than central bank intervention in the currency markets are needed to prop up the dollar. A further fall in the dollar could lead to a recession in Europe, he warned.

Using typically undiplomatic language, Mr Ruding, who narrowly lost the race for the managing directorship of the IMF last year, said he was very disappointed by the Group of Seven industrialised countries' failure to live up to thair pledges on currency stability over the past 12 months. The feeling was shared by many other members in Europe and the Third World, he said.

However, he applauded the White House announcement on Wednesdsy that the US had arranged to obtain yen from Japan through a transfer of US Special Drawing Right holdings to the Japan's Central Bank. The yen are expected to be used for future US currency market intervention on behalf of the dollar.

Mr Ruding noted that the US would not have to replenish its stock of SDRs for several years in line with the rules of the IMF. He had not got the impression, however, that the US wished to extend the arrangements on SDRs to other countries such as West Germany.

Ruding: wants stability

The Dutch minister said the transfer of US SDR holdings was a much better idea than trying to activate part of the $30bn in short-term currency "swaps" lines between international central banks.

Turning to the April meeting of the IMF interim committee, Mr Ruding said he thought members would devote special attention to volatility in currency markets. The G7 countries had failed to keep their commitments made under the Louvre Accords last February and in subsequent joint communiques. "We built our house on that," Mr Ruding said.

The Dutch Finance Minister predicted that the committee would also devote attention to the balance of payments surpluses held by the newly industrialised countries such as South Korea and Taiwan. The debt crisis would also figure strongly, though with more emphasis on middle income debtors such as Argentina, Brazil and Mexico. Last month, the IMF unveiled a oew $8.4bo fund for the world's poorest countries to borrow from using easy credit terms.

Mixed reaction in Tokyo to SDR plan

BY STEFAN WAGSTYL IN TOKYO

THE SUMMIT agreement on exchange rate stability between President Ronald Reagan and Prime Minister Noboru Takeshita of Japan was seen in Tokyo yesterday as a sign of a renewed commitment by Washington to support the US dollar.

The plan for the US to sell Special Drawing Rights (deposits at the International Monetary Fund) to Japan in exchange for yen was welcomed as an indication that the US authorities were serious about raising funds for intervening in the markets.

Even so, Japanese economists argued that the principle of the new accord mattered more than the sums involved since US holdings of SDRs amounted to only 7.2bn, or about $9.9bn. Big central banks have often spent more than $1bn in a day defending the dollar in the past year. Mr Teizo Taya, an economist at Daiwa Research Institute, an affiliate of Daiwa Securities, said the US needed $100bn to defend the dollar properly.

These funds could be raised by extending the existing arrangements between the US Federal Reserve and the Bank of Japan to swap currencies and, more significantly, by the US issuing so-called Reagan bonds – foreign currency bonds modelled on the Carter bonds issued by former President Jimmy Carter in a 1978 dollar crisis.

Mr Satoshi Sumita, governor of the Bank of Japan, said the dollar had hit bottom "for now" against other currencies, although the markets remained unstable. Traders in Tokyo agreed.

The day an oil slick came to town and Sistersville hoarded the water

Nancy Dunne reports on one of the biggest inland oil spills ever seen in the US, whose river-borne progress has left chaos in its wake

SISTERSVILLE was ready. For a week supplies of bottled water had been pouring into the tiny West Virginia town, population 2,200. Miller Brewing, Domino's Pizza and Safeway Stores had all made contributions, and Ashland Oil had sent a full barge of provisions.

A putrid, 17-mile oil slick, which had slowly glided about 120 miles down the Ohio river, polluting everything in its path, was estimated to be one day away on Wednesday and townspeople were worried. Twice recently, they had depleted their entire water supply fighting two large fires. The water treatment plant which pumps the Ohio river dates back to the last century.

Volunteer fireman and the local Junior Chamber of Commerce manned a 24 hour a day telephone hotline, and Union Carbide was analysing samples of the town's water. "This is a good community and everyone pulls together," said Mr Mitch Wilcox, a local fireman. "We have three 5,000 gallon tankers, one 8,000 gallon tanker, 60,000 gallons more on three railroad cars, and 1,800 cases of canned water."

The town's story was becoming a familar one. Ever since January 2 when an Ashland Oil tank collapsed, sending an estimated 2.5m gallons out into the Mongongahela River, thus creating one of the largest inland spills in US history, Americans have been mesmerised by the devastating progress of the massive slick as it wends its stately way down the Monongahela and Ohio rivers.

The first to feel its effects were thousands of Pittsburg residents who found themselves without tap water. Hundreds of thousands more were forced into rationing schemes. Steubenville, Ohio, was virtually shut down for a day when the greasy water overwhelmed its water treatment facilities.

Wheeling, in West Virginia, the eighth water system along the slick's path, was given a week's advance notice. Residents were advised to "conserve, conserve, conserve," and elaborate preparations were made. Temporary water lines were laid to nearby streams and barges stood by to haul clean water to the treatment plant.

Still, when the smelly, disintegrating plume arrived, the city's normal 9m gallon reserves dropped to 500,000 gallons within 24 hours. Businesses closed; community events were cancelled; and residents left laundry undone and baths not taken.

Three investigations have already been launched to discover the cause of the massive spill, the largest to have taken place at Ashland. The oil tank had been reconstructed from 40 year old steel and, apparently it had not been fully tested.

Ashland, the largest independent US refiner, lost no time in reacting. A 10-15 member task force with environmental and legal experts has been in operation since the spill, and $2m has been spent on water supplies. The company hired an independent investigative team and established its own internal inquiry to work along with federal investigators.

Ashland announced that it would pay all reasonable costs – and added that all but $2.5m would be covered np to $400m by Oil Insurance, a Bermnda insurer, established by the oil companies for such emergencies.

Several suits have been filed, but Ashland's stockholders seem unperturbed. Its stock initially plunged from $57 per share to $53 a share, but within half a day it began to rebound.

"There is still a shadow hanging over Ashland, but it is not a tremendous negative," said an analyst at Morgan Stanley.

After several years of legal difficulties over accusations about illegal payments to Saudi officials and some drastic miscalculations in selling the company's oil and gas reserves at the wrong time, Ashland is in particularly healthy shape.

It broke even on its refineries business last year when most American refiners took losses. Its chemical division is strong and growing stronger, and its construction activities are booming.

Much of its good fortune is owed to its location – right on the river where its low transport costs have allowed it to become one of the lowest cost American refineries.

But there is no way to be certain that the damage of the spill can be contained. The Environmeotsl Protection Agency has reported that water samples of ntilities between Pittsburgh and Wheeling had turned np tiny amounts of cancer-caosing chemicals.

In Sistersville, the latest victim of the crisis, community workers figured their water supply would be contaminated for at least two weeks. "This is the oldest pumping station in the region," said Mr Wilcox.

Mr Jerry Schulte, the field co-ordinator of the interstate agency which cares for the Ohio River, said the slick is breaking up and stretching out. But it will flow on to Cairo, Illinois, he said, where it wil mingle with the waters of the great Mississippi.

Sarney's survival chances improve

AFTER intense lobbying by the government, embattled Brazilian Presideot Jose Sarney's chances of remaining in office through 1989 have brightened considerably, according to political analysts, Renter reports from Sao Paulo.

The question of whether a new constitution should designate a four or five year presidential term has been the central political issue in Brasilia for months.

A four year term would mean elections this year to choose a new president to take office in 1989. A five year term would keep President Sarney in office through 1989.

On Wednesday night an inter-party group of centre-right politicians said they had gathered the signatures of 317 congressmen backing a fiva year term for the president.

This represents a majority in the 559-member Congress which, sitting as a Constituent Assembly, is drawing op the new constitution.

But opinion polls consistently show a majority of Brazilians favour elections this year to replace President Sarney, who is deeply unpopular because of the country's high inflation rate. Prices last year rose a record 366 per cent.

Under Brazilian law, an incumbent president cannot run for re-election.

President Sarney's government has also acquired an international reputation for economic mismanagement, and foreign bankers anxious to reach agreement with Brazil on terms for repayment of its foreign debt would prefer to see a new government in place.

The conservative president came to power in March 1985 as a stand-in for Mr Tancredo Neves, who fell ill on the eve of his inauguration and died.

Mr Sarney's chances of securing a five-year term appeared nil last November when he suffered a humiliating defeat in a key constitutional committee, which voted in favour of a four-year presidential term.

The committee brushed aside his threats of reprisals against any congressman who voted against a five-year term.

Political analysts say that since then the Sarney government has worked steadily to win converts by distribution of patronage.

"They have been doing whatever they can with government money to get a five-year mandate," said Mr Bolivar Lamounier, a respected political scientist in Sao Paulo.

Mr Lamounier says that Mr Sarney has a 50-50 chance of five-year term.

He said inflation could be decisive in swaying the final vote in the Constituent Assembly.

"They (congressmen) seem to be watching the rate of inflation daily to help them decide on four or five years," he said.

Brazil, whose foreign debts total $113bn, is the biggest debtor in the developing world.

New York law firm to open office in Moscow

By Anatole Kaletsky in New York

COUDERT BROTHERS, a leading New York-based law partnership, is to become the first foreign lsw firm to establish an office in the Soviet Union.

The move follows last year's enactment of Soviet laws which permit foreign interests to acquire stakes of up to 49 per cent in joint ventures with Sovist enterprises. Two of Coudert's biggest clients are Occidental Petroleum and Montedison, which signed an agreement in November to build and operate a $5bn Soviet petrochemical production plant.

Other Coudert clients with interests in the Soviet Union include Fiat, Mannesman and Atlantic Richfield.

Coudert is one of the leading law firms in America, employing about 300 attorneys around the world. It has always had an international orieotation and already has offices in Peking and Shanghai, and in seven leading business centres in Europe and the Far East.

The opening of an office in Moscow, was "a direct outgrowth of the spirit of glastonost," said Mr James Sitrick, chairman of Coudert's executive committee. Coudert's Moscow office is due to open next month and will be manned by Mr Richard Dean, a 33-year-old American

Gorbachev to visit Latin America

BY ROBERT GRAHAM, LATIN AMERICA EDITOR

MR MIKHAIL GORBACHEV, the Soviet leader, is to visit Latin America in October and could go to as many as eight countries. The Soviet leader has had invitations outstanding for more than a year but has beld back because of a desire not to be seen interfering in an area of traditional US influence.

No Soviet leader has set foot in Latin America, except in Cuba. Mr Eduard Shevardnadze, the Soviet Foreign Minister toured Argentina, Brazil, Uruguay and Cuba last September.

Mr Gorbachev's plans were revealed yesterday by the Soviet embassy in Montevideo. Uruguay established diplomatic ties with the Soviet Union 60 years ago, the first Latin American country to do so.

So far, Uruguay is the one country which Mr Gorbachev will definitely visit. Mr Julio Sanguinetti, the Uruguayan president, is to visit Moscow in March. Moscow is pressing to formalise a fishing agreement with Uruguay and establish facilities for Aeroflot, to Soviet airline, in Montevideo

Mr Gorbachev has received invitations to visit Argentina, Brazil, Cuba, Mexico, Nicaragua, Peru and Venezuela. It is thought unlikely he will be able to fit all these into one trip.

The tour is expected to underline Moscow's desire to establish closer links with the so-called bourgeois democracies of Latin America and remove the region's traditional mistrust of the Soviet Union.

US urged to cease aid for Contras

BY PETER FORD IN SAN JOSE, COSTA RICA

THE INTERNATIONAL team monitoring compliance with Central America's peace plan has urged Washington to "cease definitively" its aid to the Nicaraguan Contra rebels, as an "indispensable requirement for the success of peace efforts."

In a confidential report, to be presented to the region's five presidents who have signed the plan at their summit in San Jose on Friday, the International Verification Commission said it would be "premature to declare the peace process a success or a failure."

But clear "political will" from Central American governments was "imperative" to give new impetus to the faltering five-month-old initiative, the group argued.

The commission comprises representatives of eight other Latin American countries, the UN, the Organisation of American States and of the five Central American governments themselves. It snggested that fixed dates should be set for compliance with each of the elements in the peace plan that remain unfulfilled.

These include the five key aspects of the pact for which President Oscar Arias of Costa Rica woo the 1987 Nobel Peace Prize: amnesties for political prisoners, ceasefires, democratisation, a halt to aid for rebel forces and a ban on sanctuary for such forces in regional countries.

The next potential deadline for the plan, however, has already been set. The US Congress is due to vote early in February on President Reagan's forthcoming request for more Contra aid.

If that request wins approval, President Daniel Ortega of Nicaragua warned on Wednesday, "it will be the US Congress that will be killing the peace plan."

The commission found that Nicaragua had taken "concrete steps to get a democratic process under way" but it made few other judgments in its report "We couldn't do any real evaluation because El Salvador, Honduras and Guatemala were watering our conclusions down all the way," one commission official complained privately.

US should 'reassess' global military commitments

THE US should reassess its global military commitments and demand more support from Nato in order to shift US resoorces to Asia and Latin America, US Navy Secretary James Webb said in a speech to the National Press Club, Reuter reports from Washington.

"To be fair to the other areas in which we must operate, thsrs is no region better equipped through its resources, strong economy and military tradition to reassume a greater share of the burden of its own defence than western Europe."

Mr Webb said the realities of a shrinking US budget, including a planned $33bn cut in 1989 military spending, indicate that Washington needs to make adjustments in its military posture around the world.

Ha stressed that he was not calling for abandonment of America's commitment to Nato allies, but said the alliance should shoulder more of the burden for its own protection.

●US and Soviet arms negotiators began talks yesterday with orders to finish a pact that would halve huge intercontinental nuclear arsenals as soon as possible.

December US retail sales up 0.7%

US RETAIL sales rose 0.7 per cent in December, the biggest increase in four months, on the strength of an increase in car sales, AP reports from Washington.

The Commerce Department said yesterday retailers sold $126.7bn worth of goods in December, up $900m from November. The figures are adjusted for seasonal variations, but not for inflation.

The December gain followed a scant 0.1 per cent increase in November and drops of 0.9 per cent in October and 1.7 per cent in September. It was the steepest climb since August, when sales rose 1.5 per cent, spurred by incentives at car showrooms.

Despite the year-end spurt, retail sales for all of 1987 were up just 3.5 per cent, the smallest annual gain since a 2.8 per cent rise in the recession year of 1982. Sales totaled $1,510bn. Sales rose 5.4 per cent in 1986, 7.2 per cent in 1985, 10 per cent in 1984 and 9.5 per cent in 1983.

Economists had been watching retail sales, particularly Christmas sales, for any sign that the October stock market crash dampened consumer confidence.

Leading department stores, in a separate report last week, said heavy discounting brought last-minute shoppers into the stores after a slow start.

EC, Gulf states likely to sign accord soon

BY WILLIAM DAWKINS IN BRUSSELS

EUROPEAN Community officials expect to sign a co-operation deal with the six member-states of the Gulf Co-operation Council within the next month, paving the way for talks on trade concessions.

Senior European Commission officials are due to arrive in Riyadh today to complete the groundwork for a co-operation deal to be signed at a final session there on February 11 and 12.

The deal falls a long way short of Saudi calls for a free trade area between the EC and the GCC's members, which also include Kuwait, Qatar, Bahrain, Oman and the United Arab Emirates. It would effectively freeze present trade arrangements and in addition offer industrial, scientific and cultural co-operation.

The GCC is thought ready to accept the deal on the grounds that it also promises an immediate start to talks on wider market opening measures. This is of prime importance to the Gulf states' need to boost petrochemicals exports, at the heart of attempts to diversify their economies' dependence on crude oil.

GCC members are also keen to reduce their exposure to a weakening US economy by building more trade links with Europe. However, any trade liberalisation will touch on a highly sensitive sector in the EC, where the petrochemicals industry and its 600,000 employees are in the throes of restructuring.

GCC exports to the EC totalled Ecu12.4bn (£8.5bn) in 1986, of which about 95 per cent entered the Community duty free in the form of crude oil and refined products. Gulf petrochemical sales to the EC, accounting for 3 per cent of the total, or nearly Ecu 400m, are charged dnty, though they already benefit from concessions under the Generalised System of Preferences.

In the wider talks expected to follow an accord next month, the GCC is expected to repeat earlier demands for a dismantling of import fees - as opposed to customs duties - on crude oil.

The Community meanwhile, is keen to use this opportunity to press for better access for its own goods in the Gnlf. EC exports to the GCC countries totalled Ecu 14.8bn in 1986, some 45 per cent of which were charged customs duties, a far higher percentage than is the case with GCC exports to the Community.

Seoul seeks more trade with communist nations

SOUTH KOREA will give priority this year to slashing its mounting current account surplus and promoting trade with communist countries, senior officials said, Reuter reports from Seoul.

Mr Rha Woong-bae, Trade Minister, told President Chun Doo Hwan that Seoul will look for ways to promote trade with China and other communist countries after playing host to their Olympic athletes in September.

Last month, Mr Roh Tae-woo, who is to succeed President Chun next month, said. South Korea aimed to begin direct trade with China and exchange resident trade missions soon.

He promised during his election campaign that Seoul would establish full diplomatic relations with Peking during his five-year term.

Mr Rha said 1988 exports were expected to reach $52bn, up from $47bn in 1987, while imports would rise to $49bn from $40bn.

Deputy Prime Minister Chung In-yong, who is also minister for economic planning, said his ministry would speed liberalisation of capital markets and boost imports of American goods in particular, to reduce the surplus and ease pressure from trading partners.

Japan public works offer vague, says Yeutter

JAPAN'S proposals to open up some public works projects to foreign construction companies are vague and do not go far enough, Mr Clayton Yeutter, US Trade Representative, said on National Public Radio, Agencies report from Washington.

the Reagan Administration's initial assessment of the plan unveiled this week by Japan's Prime Minister, Mr Noboru Takeshita, was that "it does not meet our needs."

Mr Yeutter predicted tough talks ahead as the two governments thrash out the details of Mr Takeshita's proposals.

If the talks are nnsatisfactory, the US will have toconsider whether retaliatory action is needed, he said.

In Tokyo, Mr Andreas Van Agt, the European Community's spokesman, warned that a bilateral deal between the US and Japan on construction projects would contravene the rules of the General Agreement on Tariffs and Trade (GATT).

He would seek clarification of the Japanese proposal but it wonld not be acceptable - "politically, economically or legally."

Concessions to the US should be available to everyone. "The GATT rules on public works would not permit Japan or any country to discriminate in favour of one country."

Portugal reaps bonanza from EC membership

BY DIANA SMITH IN LISBON

PORTUGAL HAS reaped an investment bonanza during it second year of membership of the European Community - in 1987 the value of new direct foreign investment rose 152 per cent.

The volume of applications last year rose 73.9 per cent, while new direct foreign investment soared to Esc61.6bn (£255m), according to the Foreign Investment Institute.

The number of applications approved totalled 1,113.

These were all-time annual records for Portugal, which in the past suffered from a combination of investor indifference or unfavourable comparison with the larger market of its next-door neighbour Spain, and suffocating red tape that alienated many would-be investors.

EC membership has forced the elimination of many pointless bureaucratic tangles that angered foreign investors. It has also enhanced Portugal's economic image.

EC partners head the list of foreign investors. The UK and Spain supplied 45 per cent of the total with Esc14.6bn and Esc12.4bn respectively.

The UK has traditionally been a major investor in Portugal, above all in tourism in recent years. Growth of Spanish investment is new and spectacular, rocketing from a few thousand dollars to present heights in less than two years, and causing some Portuguese businessmen to fear that their neighbours are invading their once-sheltered markets.

French and West German investment also grew last year, as did investment from Japan, Brazil and the US.

After slow years prior to Portugal's EC accession, when American businessmen spurned Portuguese efforts to woo them, US investment rose by 283 per cent last year to Esc6.9bn.

Swiss direct investment abroad tops SFr55bn

BY JOHN WICKS IN ZURICH

SWITZERLAND'S direct investments in other countries amounted to some SFr55.5bn (£23bn) at the end of 1986, according to a report published by the Swiss National Bank. This is the first time official statistics of this kind have been released.

The total, which excludes SFr5.4bn credit granted to Swiss parent companies by foreign subsidiaries, is largely made up of investments by industry, which accounted for about SFr40bn of the total, while the remaining SFr15.4bn came from the service sector.

Almost three-quarters of the overall sum was invested in European Community countries and North America, where recent divestments have been more than offset by new projects. The leading countries for direct Swiss investments were the US, West Germany, France and the UK.

Some 691,000 people were employed at foreign plants and offices of Swiss companies at the end of 1986, of whom just over half were based in the EC and over 15 per cent in North America.

The figures for the development of Swiss direct investments abroad over the latest two-year period show a marked decline in total expenditure from SFr11.2bn in 1985 to SFr2.45bn the following year.

This apparent slowdown was, however, due largely to the fact that Swiss industrial concerns had made major acquisitions in 1985.

NOTICE OF REDEMPTION

To the Holders of
AHFC OVERSEAS FINANCE N.V.
11¾% Guaranteed Bonds Series E-1, Due February 15, 1994

NOTICE IS HEREBY GIVEN that pursuant to the provisions of Article Six, Sections 608 and 609 of the Indenture dated as of February 15, 1984, among AHFC Overseas Finance N.V. (the "Issuer"), Alaska Housing Finance Corporation, as Guarantor (the "Corporation") and Bank of America National Trust and Savings Association, as Trustee, $15,678,000 principal amount of the Issuer's 11¾% Guaranteed Bonds Series E-1 due February 15, 1994 (the "Bonds") will be redeemed on February 15, 1988 (the "Redemption Date") in satisfaction of the balance of the Sinking Fund Payment due on said date and from moneys scheduled to be on deposit in the General Account of the Corporation Redemption Fund at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest thereon at the rate of 11¾% per annum to the Redemption Date.

Pursuant to Section 704 of the Indenture the Trustee has selected the following Bonds for redemption on February 15, 1988:

Bearer Bonds in the Denomination of $1,000 Each

2	878	1668	2504	3287	4113	4970	5824	6705	7536	8351	9281	10191	11036	11962	12728	13494	14323	15049	15997	16868	17752	18596	19364	20106	20909	21942	22746	23575	24400	25192	25957	26753	27659	28374	29391	30162	31057
20	891	1672	2506	3295	4116	4976	5834	6707	7539	8353	9282	10198	11038	11963	12731	13497	14325	15054	16007	16874	17754	18601	19366	20131	20911	21948	22751	23578	24402	25194	25960	26780	27680	28377	29398	30190	31060
24	892	1674	2516	3301	4121	4987	5835	6708	7540	8358	9290	10199	11047	11967	12733	13505	14329	15056	16010	16884	17761	18602	19371	20134	20916	21959	22764	23579	24404	25213	25966	26782	27690	28380	29408	30195	31061
28	896	1677	2533	3302	4127	4992	5838	6718	7567	8369	9300	10204	11077	11968	12738	13526	14340	15062	16022	16888	17769	18614	19374	20140	20920	21964	22765	23582	24417	25226	25980	26783	27691	28387	29409	30199	31078
31	913	1712	2545	3308	4139	4997	5844	6726	7571	8373	9308	10205	11091	11987	12742	13527	14341	15071	16037	16896	17771	18618	19379	20143	20927	21970	22770	23588	24418	25234	25982	26807	27696	28403	29411	30204	31080
58	815	1721	2559	3313	4147	5002	5862	6741	7572	8381	9309	10209	11097	11989	12743	13529	14349	15080	16041	16919	17775	18625	19380	20147	20933	21974	22775	23589	24422	25247	25985	26808	27703	28413	29419	30209	31082
59	917	1730	2561	3315	4156	5013	5864	6747	7575	8397	9325	10210	11103	11981	12746	13534	14366	15082	16049	16920	17783	18630	19387	20148	20949	21981	22783	23598	24428	25250	25991	26811	27704	28415	29421	30212	31086
62	921	1734	2565	3323	4165	5017	5866	6754	7581	8398	9331	10216	11109	11995	12748	13535	14360	15109	16051	16937	17788	18631	19390	20163	20956	21987	22785	23606	24428	25252	25997	26815	27708	28421	29441	30213	31101
66	932	1735	2570	3333	4171	5023	5867	6783	7589	8401	9333	10227	11114	11996	12751	13540	14386	15128	16064	16948	17797	18634	19392	20166	20957	21995	22786	23624	24433	25255	26005	26818	27710	28423	29444	30218	31112
70	935	1736	2575	3338	4187	5031	5870	6785	7590	8403	9337	10229	11115	12006	12753	13560	14367	15130	16066	16965	17804	18635	19406	20174	20958	21999	22789	23626	24435	25274	26021	26822	27712	28434	29447	30220	31117
72	939	1738	2585	3340	4191	5053	5878	6789	7598	8412	9338	10231	11128	12011	12757	13562	14384	15132	16070	16968	17810	18640	19408	20185	20977	22002	22793	23654	24442	25277	26028	26843	27722	28435	29454	30225	31121
73	944	1753	2591	3345	4195	5060	5894	6787	7609	8413	9342	10240	11136	12018	12764	13572	14388	15134	16075	16970	17814	18649	19415	20187	20978	22005	22800	23658	24455	25286	26031	26846	27727	28440	29459	30227	31130
75	961	1756	2593	3348	4198	5063	5899	6801	7618	8429	9356	10242	11142	12025	12770	13574	14393	15139	16080	16986	17824	18653	19417	20193	20980	22014	22803	23659	24461	25288	26047	26861	27748	28444	29467	30232	31135
77	967	1778	2597	3367	4201	5064	5900	6804	7626	8434	9357	10248	11144	12031	12771	13583	14409	15141	16083	16990	17827	18654	19422	20198	20988	22016	22811	23662	24473	25301	26050	26862	27751	28466	29478	30238	31136
80	969	1780	2598	3368	4205	5066	5904	6809	7627	8437	9360	10248	11145	12040	12774	13585	14418	15143	16086	16999	17828	18661	19423	20203	20990	22019	22812	23663	24474	25302	26052	26874	27755	28475	29480	30241	31137
83	973	1782	2600	3379	4206	5077	5906	6813	7628	8440	9364	10255	11158	12041	12787	13591	14422	15147	16088	17002	17833	18678	19431	20211	20994	22032	22816	23665	24477	25306	26058	26902	27759	28478	29485	30250	31139
96	975	1790	2604	3389	4216	5081	5910	6816	7635	8449	9368	10273	11162	12048	12800	13593	14425	15162	16099	17008	17839	18679	19433	20214	20998	22040	22836	23670	24481	25310	26062	26906	27761	28485	29487	30251	31141
119	991	1796	2605	3391	4235	5083	5927	6818	7641	8458	9379	10276	11184	12053	12805	13594	14427	15176	16101	17011	17851	18681	19434	20215	21000	22041	22841	23707	24494	25313	26067	26907	27762	28490	29500	30252	31143
131	992	1801	2612	3397	4241	5088	5928	6829	7647	8469	9380	10282	11166	12061	12806	13601	14431	15178	16102	17015	17868	18691	19445	20230	21005	22043	22853	23711	24499	25321	26068	26923	27775	28492	29506	30255	31147
149	998	1806	2618	3403	4251	5095	5936	6841	7650	8471	9393	10283	11172	12065	12807	13609	14435	15182	16109	17020	17869	18694	19450	20231	21021	22044	22856	23712	24500	25325	26079	26930	27782	28500	29507	30258	31154
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55081	56158	57355	58475	59448	60520	61532	62593	63795	64806	65911	66902	67960	69118	70138	71293	72476
55086	56159	57357	58483	59449	60525	61535	62595	63799	64807	65913	66909	67961	69121	70139	71307	72481
55088	56175	57361	58484	59451	60528	61539	62596	63801	64823	65920	66910	67965	69122	70150	71309	72482
55099	56182	57362	58486	59457	60531	61544	62599	63810	64835	65921	66919	67968	69125	70160	71321	72487
55109	56190	57364	58503	59459	60538	61548	62607	63817	64839	65923	66939	67971	69128	70162	71335	72489
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Dee and Lazards face B&D libel writ

By Nikki Tait

THE HOTLY-CONTESTED bid battle between Barker & Dobson, the supermarkets and *sweets group, and its* much larger target, food retailer Dee Corporation, took a new twist yesterday when the bidder announced that it *had* instructed its solicitors to issue a writ for libel against Dee and one of its merchant bank advisers, Lazard Brothers.

The libel, according to Barker & Dobson's statement, was contained in the press release put out by Dee on Wednesday.

The release concerned the financing arrangements which Barker & Dobson has organised in connection with its £2bn bid – in particular, a £1.6bn loan facility arranged with a seven-strong group of banks.

Dee has argued that Barker & Dobson would be in breach of certain financial ratios contained in its loan agreement with the banks if its bid was successful, and on Wednesday detailed its criticisms. Barker & Dobson maintains that Dee's calculations are wrong.

Yesterday, Barker & Dobson's solicitors said the writ had not yet been served but that this would be done "in due course". However, they added that the writ itself would not detail the libel involved.

The solicitors refused to comment on whether Barker & Dobson would take similar action against a letter sent by Dee chairman, Mr Alec Monk, to shareholders yesterday.

The contents of the letter are almost identical to those of the press release. Neither Dee, Lazards nor Barker & Dobson was able to comment further on the writ.

Dee, Britain's third largest food retailer, is being advised by three banks in the bid – Morgan Grenfell, Lazard Freres as well as Lazard Brothers. Official copies of the press release went out under all three banks' names. Earlier faxed copies omitted the heading, although the names of all three advisers were *listed* as contacts.

The use of libel writs during takeover battles is not entirely unknown.

During the Hanson-Imperial Group battle in early-1986, for example, Hanson issued writs against Imperial for defamation based on its target's advertising.

Unemployment drops further to 5½ year low

BY SIMON HOLBERTON

THE CONTINUED buoyancy of the British economy was underlined yesterday with the release of figures which showed the official jobless total falling in December for the 18th consecutive month to reach its lowest level for 5½ years.

Figures for the three months to the end of September last year, also published yesterday, show that the growth in employment is occurring mostly in *service industries.* The figures, however, suggest that the rate of job losses in manufacturing may be moderating and that manufacturing employment could be on an upward trend.

Other figures yesterday show a further rise in the rate of increase in underlying earnings. It was up to 8¼ per cent in November compared with October's 8 per cent, itself a rise on the September figure of 7¾ per cent which had been sustained for the previous six months. This has intensified the Government's dilemma over whether to raise interest rates.

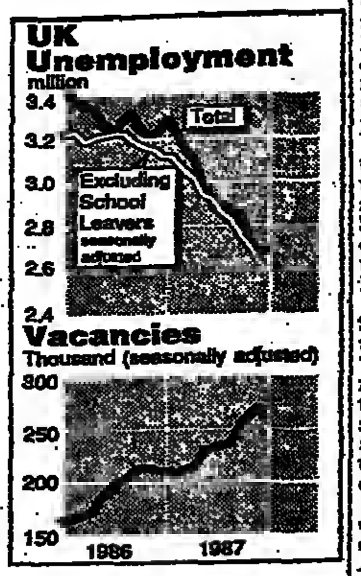
The Department of Employment said that in seasonally-adjusted terms 2.614m people were receiving unemployment benefit in December. This was 35,400 fewer than in November and represented 9.4 per cent of the working population.

Officials said unemployment had been falling over the past six months at an underlying rate of about 50,000 a month. It was too early to say whether the December fall of 35,000 represented a fluctuation or the beginning of a new trend.

Mr Norman Fowler, Employment Secretary, said the prospects for employment remained good but warned they could be undermined by excessive pay awards. It was important for wage growth to be restrained if the substantial improvement in the jobs market is to continue.

Both Mr Nigel Lawson, the Chancellor, and Mr Robin Leigh-Pemberton, Governor of the Bank of England, have warned in the past week that they would not accommodate excessive pay settlements by allowing the pound to depreciate. This has been taken to mean that interest rates could rise.

Mr Michael Meacher, Labour's employment spokesman, said yesterday the apparent fall in the unemployment figures was welcome but noted that the rate of decrease was slowing. The figures were also marred by evidence of a growing north-south divide in job creation.



Whitehall officials said the increase in underlying earnings reflected the 10½ per cent pay increase awarded to local authority manual workers which took effect in November. Record levels of overtime being worked in manufacturing – 13.78m hours in November and the highest rate this decade – were also cited as a reason.

Although schemes introduced by the Government have tended to reduce the number of claimants – officials said employment measures reduced the count by about 280,000, while there were 426,060 people on the Youth Training Scheme – there has been a growth in employment.

During the third quarter of last year there was an estimated rise in employment of 84,000. This was arrived at after an estimated increase in services employment of 85,000, a rise in the number of self-employed of 26,000, and a fall in manufacturing employment of 22,000 and a fall of 2,000 in energy and water supply industries.

Liberals, SDP shift policy to save talks

By Michael Cassell, Political Correspondent

IN A final attempt to salvage the planned merger between the Liberals and the Social Democrats, the two party leaders yesterday relinquished responsibility for drawing up the policies on which the new party can be launched.

With Mr Robert Maclennan, the SDP leader, finding himself under the same intense pressure brought to bear on Mr Steel to abandon their widely-criticised policy statement, the two leaders were forced into an humiliating climb-down.

In a statement yesterday, Mr Steel and Mr Maclennan said they accepted some of their "thought-provoking" ideas were not suitable to be included in the new party's initial policy stance and announced the appointment of a small negotiating team to draw up a new document by next Monday.

Their own document, which called for the retention of Trident, the *extension* of Value Added Tax to food and children's clothing and the abolition of mortgage tax relief over a *10-year period,* has been shelved and might form part of the post-merger policy-making process.

A Liberal party official said the original policy statement had been "put on one side but not in the bin". Mr Maclennan was still said to "believe passionately" in the joint declaration.

Despite their acute difficulties and the question marks hanging over their respective party leaderships, both intend to see the merger negotiations through to a conclusion.

Both sides were last night suggesting that the issue might take a back seat until the new party holds a planned leadership election in the autumn.

The new, six-strong negotiating team will be drawing heavily on the Alliance election manifesto for the new document.

But both sides stressed, however, that they intended to build on the policies which have been agreed by the two parties since the Alliance came into effect.

The negotiators will put forward a short policy statement, to be approved by the two *leaders* and to be included in the merger package.

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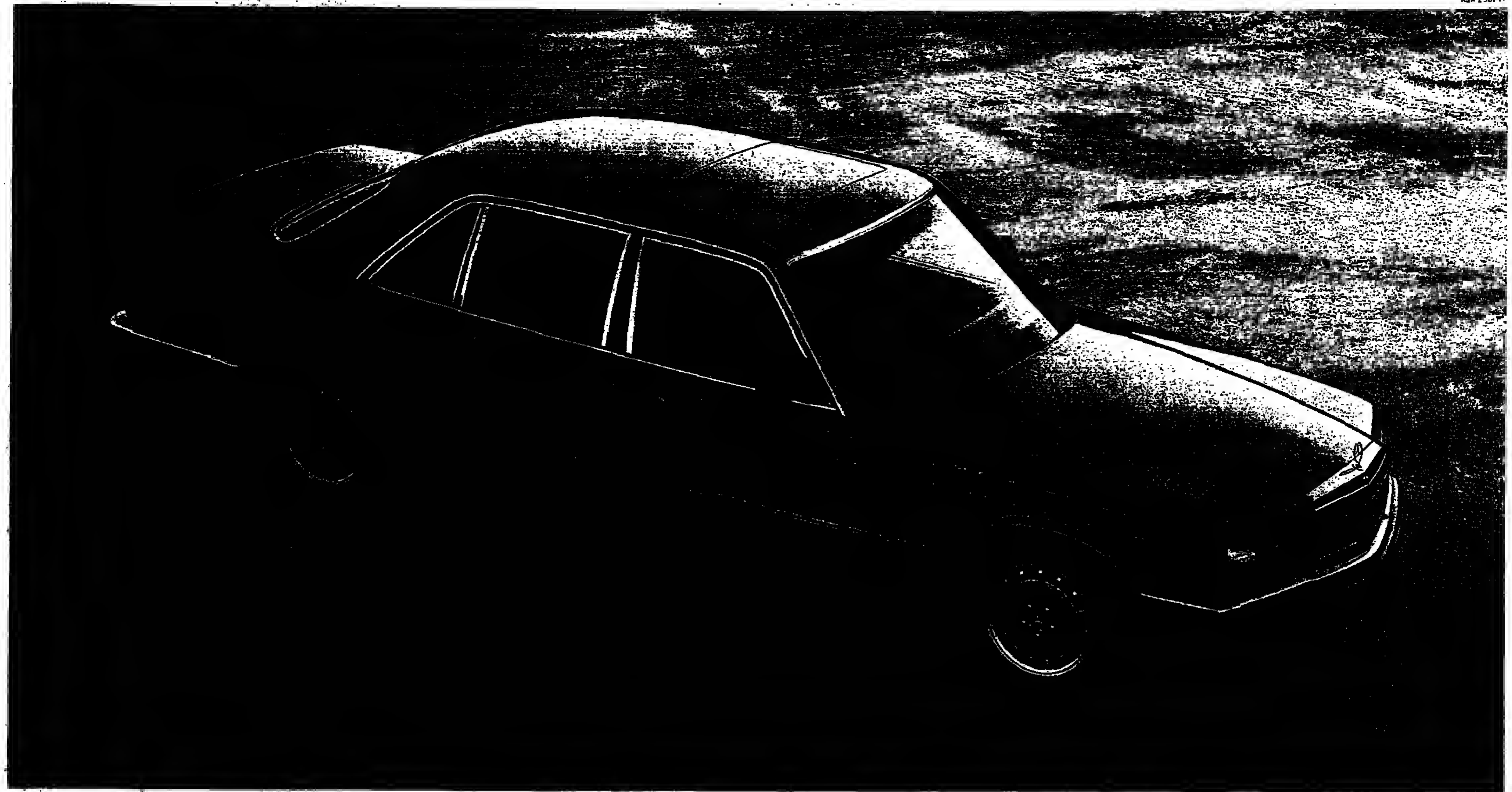

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The Mercedes-Benz S-class sets standards for big car aerodynamics yet to be met by most of the competition. The long wheelbase version not only sets the standards for driver and passenger comfort but also performance. Take the 560SEL for example. With a maximum test track speed of 156 mph and a 0-62 mph time of 6.9 seconds, it still leads the field (regardless of engine size and number of cylinders).

To this day, no other range of cars offers the same combination of spaciousness, comfort, handling and performance. Only the S-class is big enough to be an office yet lively enough to satisfy five of the world's top ten formula one drivers.* Not only is it a match for its contemporaries, the build quality, reliability and retained value are legendary. The S-class features 'mature' electronics based on logical need rather than fashionable gimmickry. The interiors are sumptuous yet they contain nothing superficial.

*The other five drive Mercedes-Benz coupes or the 190E 2.3 16.

The S-class owner belongs to a very demanding coterie of drivers. These are men and women who expect a luxury car to measure up on all fronts at all times. They need total reliability, an effortless driving experience, the reassurance of Mercedes-Benz build quality and the satisfaction of knowing that their car will not depreciate at an alarming rate. They also know that the safety standards achieved in the S-class are the result of constant research and development by the same engineers who invented the passenger safety cell and controlled-deformation crumple zones.

The S-class is more than one car. It is six cars – with a state-of-the-art 3 litre (SE), single overhead camshaft six cylinder engine and 4.2 or 5 litre light alloy V-8's with a standard (SE) or long wheelbase (SEL) to choose from. At the top of the range there's the 5.6 litre 560SEL.

It could also be said that the S-class is twelve cars because each of the six models is as much a driver's car as it is a passenger's car. By giving his chauffeur the day off, an S-class owner can enjoy the way his car devours country lanes with the same ease as it swallows motorways.

The Mercedes-Benz S-class driving experience is unique because these cars are in a class of their own. Autocar couldn't have put it better when they said on 18th November, 1987, "Once you have sampled Mercedes S-class motoring to the full it is difficult to imagine travelling in a higher degree of comfort or style."

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Security body's rules given SIB approval

BY CLIVE WOLMAN

THE RULE BOOK of the Securities Association, the largest of the new City self-regulating organisations, was yesterday given provisional approval by the Securities and Investments Board, the regulatory overseer, ending a bitter four-month dispute between the two bodies.

The SIB approval removes one of the main threats of a further delay in the final implementation of the Financial Services Act in April.

The Office of Fair Trading, which has to vet the rule book for provisions that might restrict competition, may raise objections. However the association's rule book is expected to receive final approval from Lord Young, the Trade and Industry Secretary, before February 27, the date by which investment firms have to apply to a self-regulating organisation (SRO) for authorisation.

The dispute between the association and the SIB, which led to Lord Young's intervention, centred on the extent to which the SIB could require SRO rule books to match the detailed investor protection provisions of its own model rule book. Association officials have been forced to redraft substantial sections of the rule book several times since September.

The April deadline for final implementation of the act, when investment firms not authorised by an SRO will have to cease operations, now seems certain to be met. The most likely dates are April 25, the start of a new Stock Exchange account period, or April 30, which comes during a Bank Holiday weekend.

So far, only two of the five self-regulating organisations, Fimbra and the AFBD, which regulate small investment and insurance advisers and the futures industry, have received final approval. The OFT is expected to raise several objections to the rule book of Lautro, the SRO covering the life assurance and unit trust industry, but final approval for that SRO does not have to be given until April rather than February.

Several securities firms have asked for further delays in the implementation of some of the financial control provisions of the act, because of difficulties in writing the computer software to comply within such a short time-scale.

● The SIB yesterday produced a paper clarifying the new rules regulating the investment advice given in newspapers and periodicals.

Stolport flights to resume next week

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FLIGHTS BETWEEN London City Stolport in Docklands and Paris by Brymon Airways and Eurocity Airways will resume next Wednesday, now that new routes have been agreed minimising the risks of conflicting air traffic.

The flights were suspended on December 18 by the Civil Aviation Authority after complaints by Brymon Airways that they were unsafe because of inadequate air traffic control cover for part of the journey between the airport and the south coast of England.

An immediate inquiry was begun by a top-level CAA technical panel. As a result of its work, flights can resume.

The panel included Mr John Chaplin, the CAA's director of safety services; Mr Brian Trubshaw, the former Concorde test pilot; Air Vice Marshal Brian Huxley, deputy director of National Air Traffic Services; and Mr David Sawyer, a CAA board member.

It concluded that there are three possible safe routes for outbound traffic to Paris from the Stolport (inbound traffic, which flies via Dover and Detling in Kent, has not been in question).

The preferred outbound route involves aircraft entering a small section of controlled airspace to the east of Gatwick Airport, serviced by Gatwick Airport controllers.

It will involve climbing first to 3,000ft and then to 4,000ft, avoiding light aircraft flying in uncontrolled airspace below 2,500ft in that area, where the Stolport-Paris flights were required to fly originally.

The new Stolport route bisects the approach and departure routes to Gatwick. Because of the pressures on the controllers, a maximum of 10 Stolport outbound flights a day will be permitted. That is the same number as was being flown when flights were suspended.

No increase in the number of flights will be permitted unless the other two suggested routes are used. Both pass over Detling, with one route then turning south and the other continuing east to Dover before crossing the Channel. Brymon and Eurocity Express accept that.

Commenting on suggestions that there had been three "air misses" on the outbound route from the Stolport, the inquiry panel found that two of those were "sighting reports with no risk of collision", while the third appeared to involve "possible risk of collision."

● Air Europe, the independent airline owned by Mr Harry Goodman's International Leisure Group, plans to start scheduled services between Gatwick and Paris on February 1.

Initially, fares will be the same as those charged by other airlines (£170 economy return), but the airline says it will be making proposals to the CAA for cheaper rates.

Air Europe already has scheduled flights to Munich, and a twice-daily scheduled service to Brussels starts on March 18.

BT shelves plan to offer new business service

BY DAVID THOMAS

BRITISH TELECOM has indefinitely postponed plans to introduce a new service that would have allowed businesses to get rid of private internal telephone exchanges.

The service, called Centrex, is widely used in the US but so far almost unknown in Europe. Some industry observers had thought it would quickly catch on in Europe, but this begins to look increasingly unlikely.

Centrex allows companies to rent in a central exchange facilities that provide all the functions normally carried out by private exchanges, so saving space and labour.

British Telecom had intended to launch its service next month, but the plan has been shelved and the company has not named another launch date. BT would not be drawn yesterday on the reasons for its change of heart, but they are believed to include commercial and technical considerations.

There now appears to be doubt about the scale of demand for the service. Mercury Communications, BT's network rival, launched its service last May and so far has only a handful of customers.

Moreover, teething troubles on BT's trial Centrex exchange seem to have taken longer than expected to sort out.

The exchange was supplied by APT, the US-Dutch joint venture between American Telephone & Telegraph and Philips.

APT is hoping to build up its business with BT through the supply of such specialised exchanges. However, BT also had long-term plans to introduce Centrex throughout its main network on standard exchanges, which are supplied by the General Electric Company, Plessey and Thorn-Ericsson.

BT would not comment on its plans for Centrex yesterday, but it might set a new launch date for it in the summer.

Majority of Opren claimants accept offer

By Raymond Hughes, Law Courts Correspondent

AN OVERWHELMING majority of UK alleged victims of the banned arthritis drug Opren had accepted terms offered by Eli Lilly, the drug's US maker, in settlement of damages claims, the High Court was told yesterday.

Mr Jonathan Playford, QC, for Lilly, said that in round figures 1,050 of the 1,300 people covered by the offer – the financial details of which are being kept secret – had accepted it; about 47 had refused; 200 had not responded.

The global offer is believed to amount to about £2.3m with £3m towards legal costs. When it was announced last month it was widely criticised as miserly.

It was compared unfavourably with compensation paid by Lilly to claimants in the US. That has been as high as $6m (£3.3m) to one person. UK claimants will be receiving on average about £2,000 each.

The reason for the disparity lies in differences between US and English legal systems.

Lilly made its offer without admitting liability and made a term of settlement that neither the global sum nor individual payments should be disclosed publicly.

Mr Playford said that, because of the overwhelming acceptance, Lilly was dropping its demand for 100 per cent acceptance as a precondition of settlement.

The deadline for acceptance was being extended from January 23 to February 5. Lilly was prepared to make interim payments of 75 per cent of the amounts offered to those individuals who accepted the offer.

Mr Justice Hirst welcomed the news of the acceptances. He urged those who had not yet accepted to do so "in their own best interests."

He said acceptance of the settlement terms would not stop individuals seeking a larger share through an arbitration procedure to be set up by the court.

Lilly's offer covers only those alleged UK Opren victims who claimed before last January 31, the court-imposed deadline.

Several hundred others must fight separately. Lilly has said they will face a long haul if they pursue claims, every one of which the company will oppose.

Attempt to sponsor FA Cup fails

By Philip Coggan

THE FOOTBALL Association has turned down a £20m sponsorship deal for the FA Cup, saying it is not prepared to change the name of the competition.

The FA executive committee announced its decision to turn down Courage, the brewing company, which was negotiating on behalf of Fosters, the Australian lager. The deal, which would have been worth £20m over 54 months, would have been the biggest single sponsorship in UK sport.

Mr Ted Croker, the association's secretary, said yesterday: "We have never put the FA Cup up for sale; we have never invited offers. It is something special to the sporting calendar, like Wimbledon and the Open Golf, and that's the way it will stay."

When news of the proposed Courage sponsorship leaked out last November, it was sharply criticised by football commentators. They felt it was inappropriate to accept sponsorship from a brewing company after the antics of drunken supporters had led to a crackdown on the sale of alcohol in football grounds.

However Mr Croker insisted yesterday that the reaction was not responsible for the decision.

Nick Bunker on a Lloyd's underwriter covering new ground in Birmingham

Insurance specialist risks the provinces

MR EDDY SIMNER does not look like an unconventional man. He is 45, has spent his working life in the insurance industry, and is now a Lloyd's of London underwriter.

Now he is quitting the Lloyd's trading Room in Lime Street and installing his underwriting box in Birmingham. And for a property insurance syndicate to move out of the Room is very unconventional by Lloyd's standards.

From March, Mr Simner will run a new Lloyd's syndicate in Birmingham to write property insurance for small to medium-sized companies.

The syndicate – in Lloyd's-speak, non-marine number 1104 – has been launched by the Merrett Group, the market's second biggest underwriting agent. "We are after the sort of business that does not normally come to Lloyd's - the sort that goes to the composite insurance companies," says Mr Simner, the syndicate's chief underwriter. A small engineering factory is one example of the type of risk he will be looking for.

He will not be the first Lloyd's underwriter to move out of the Room: Lloyd's motor insurance syndicates have been operating in the provinces for a long time. But it took two years of planning and negotiations before the ruling Council of Lloyd's finally agreed in early September to let syndicate 1104 do the same.

Admittedly Mr Simner will be starting small, with only 12 to 16 staff in Birmingham.

"We will have gross underwriting capacity of £10m, but we will probably do only £3m to £5m in 1988," Mr Simner said. But the Merrett view is that in the medium term the syndicate can go some way towards reopening to Lloyd's the British commercial property insurance market.

In some eyes, that is an urgent necessity for Lloyd's. Demand is stagnant in its old mainstay, the marine market. The Merrett argument is that Lloyd's also needs to diversify out of its reliance on harshly cyclical US property-casualty insurance business.

For years, Lloyd's has arguably had two crucial weaknesses in the UK property insurance world. Mr Stephen Merrett, the Merrett Group's chairman, says the weaknesses are poor service and poor communications with the sources of business.

By 1985, composite insurers such as Royal Insurance, Sun Alliance or Commercial Union were way ahead of Lloyd's in the British property market.

Stephen Merrett: Lloyd's has two crucial weaknesses

That year Lloyd's attracted only 5.6 per cent of the £2.7bn of premiums.

The first Lloyd's weakness is a cumbersome back office system for issuing policies and paying out claims. It can take a year for a customer to receive a policy after a Lloyd's underwriter has accepted a risk. "Four months is considered good," Mr Simner said.

The second weakness is that Lloyd's underwriters are a long way removed from many potential customers. Intermediaries would rather deal with the composites' regional offices when they have small risks to place.

Also, Lloyd's market rules forbid non-marine syndicates to deal directly with non-Lloyd's brokers. That puts a potential barrier between Lloyd's and fertile sources of business such as building societies - although some societies send household insurance to Lime Street.

Merrett's solution was to form a Birmingham-based service company, called Merrett Insurance Services Ltd (MIS), with Mr Simner as managing director. Syndicate 1104 will give MIS a so-called "binding authority" to accept insurance business on its behalf.

That has several advantages. First, MIS will be able speedily to issue its insurance customers "certificates of insurance," which it prints itself. MIS will also deal directly with non-Lloyd's intermediaries.

MIS will have to abide by the rules Lloyd's applies to its motor syndicates, which can take business from non-Lloyd's brokers provided their credit is "guaranteed" by a Lloyd's broker. However, Mr Simner hopes 70 per cent of his business will come from regional offices of the big national brokers, 20 per cent from local high street brokers, and the rest from building societies and other financial institutions.

The syndicate's competitive cutting edge against the composites will be twofold, Mr Simner argues. First, Lloyd's underwriters - unlike most insurance company branch staff - have a direct personal stake in their business. Mr Simner will be a member of syndicate 1104.

Second, the aim is to bring the Lloyd's underwriter much closer to the ultimate client, so as to make the service offered quicker and more flexible. "We're aiming to have four or five underwriters in Birmingham, and at any one time I want two or three of them to be out actually looking at risks," Mr Simner said.

Significantly, the big composite insurers, such as the Royal, are now doing similar things. The Royal has been restructuring its regional operations, devolving accountability down to 12 regional divisions.

"Where we'll score," Mr Simner said, "is in two years time - when the composites have not achieved what they said they would."

Industry 'buys 10% fewer machine tools'

BY NICK GARNETT

CONSUMPTION OF machine tools by UK manufacturers probably dropped by more than 10 per cent last year, in spite of rising production and profits across industry, the British Machine Tool Trades Association said yesterday.

Provisional statistics issued by the association were accompanied by severe criticism of the investment policy of British manufacturing companies and a warning that this would damage industry's prospects through the next decade.

"The position is quite definitely serious," Mr Stephen Panke, the association's chairman, said at a pre-exhibition meeting of exhibitors to the Mach 88 machine tool show in April.

"We are delighted with the upswing in manufacturing and that interest rates have come down but our delight ends there.

"That concerns our industry. What concerns me even more is the long-term wellbeing of British industry as a whole."

The association includes in its membership scores of machine importers as well as domestic machine producers.

"We are not seeing an upsurge in new equipment purchases to match what is happening with production in Britain. Companies are not investing properly in capital equipment and machinery.

Machine tool sales in the UK for the first six months of the year were down by just under 10 per cent and the association believes figures for the last two quarters, due out soon, will show little difference.

Member companies in the association blamed the low level of purchases on the phasing out of capital allowances, management conservatism and the takeover boom which they believe has delayed a number of big projects.

The Italian machine tool industry recently persuaded the Italian Government to reintroduce a form of capital allowance after complaints that the removal of allowances had hit sales. UK machine tool companies believe they are not in a position to persuade the UK Government to follow suit.

Suppliers of peripheral equipment, such as software and controls, did very well in the UK domestic market last year. As a result, the association believes industry has spent much money trying to update existing equipment but not in purchasing new pieces of hardware.

Machine tool companies reported a much better rate of new domestic ordering in the second half of last year which should be reflected in sales figures for this year.

IBA acts on TV production deadlock

BY RAYMOND SNODDY

THE INDEPENDENT Broadcasting Authority is to determine a national financial framework to govern key areas of the relationship between independent producers and the ITV companies.

The IBA is to decide on a framework for production fees, essentially the profits of independent producers, and exploitation rights – the sale of the programmes overseas.

The two issues were the main cause of friction between the ITV companies and the independents which led to a formal breakdown of negotiations last month.

The Government has made clear that it wants independents to have access to 25 per cent of Britain's four national television channels within the next four to five years.

The ITV Association has resolutely opposed any comprehensive national framework on terms of trade with the independents. The association argued that the 15 regional ITV companies should each have the right to negotiate production fees and rights within general guidelines.

Yesterday, however, the IBA said: "The ITV companies have agreed to the IBA proposal that the authority should determine a financial framework for the key issues of production fees and exploitation rights."

The authority believes it has found a way of breaking the deadlock in negotiations. The independent producers intend to put their case directly to the IBA for scales of maximum and minimum production fees.

Meanwhile Granada Television has issued an unusual programme tender to the independent production sector.

It has asked Worldwide Soccer, an independent television company formed by the Football League, to produce five one-hour football highlight programmes for the Granada region. In turn, Worldwide Soccer is to use Granada outside broadcast and post-production facilities on a commercial contract involving reduced manning levels and flat-rate payments for weekend working.

Reprieve for three BBC radio stations

BY RAYMOND SNODDY

THE BBC Governors yesterday reprieved the BBC's radio stations in London, Birmingham and Manchester after a review of their future.

There had been speculation for some time over whether they would survive cost-cutting operations designed to trim 10 per cent from local radio costs in the metropolitan areas concerned.

The future of the stations has been secured for the next three years, but there will then be a further review of their effectiveness.

Mr Geraint Stanley Jones, managing director of BBC regional broadcasting, said yesterday that at the end of the period "there must be evidence of increased and sustained demand for the output of the stations concerned".

Radio Manchester will form the hub of a programme-sharing operation among local radio stations in north-west England.

Birmingham's Radio WM will provide a local service for the city and the Black Country.

Plans for Radio London include strengthened news and a specialised inner-city service.

Targets named for McDonnell Douglas loans

By David Lascelles, Banking Editor

McDONNELL Douglas Bank, the newly formed UK banking subsidiary of the US aircraft manufacturer, intends to specialise in medium and long-term lending to mainly small and medium-sized businesses.

Announcing the new bank's plans yesterday, Mr Tony Nelson, the managing director, said it would be making facilities of up to 20 years, mainly in the £250,000 to £2m range. The operations would complement the group's existing activities in equipment leasing and finance handled by McDonnell Douglas Finance Corporation.

Few industrial companies have been granted licences to conduct banking in the UK. McDonnell Douglas is believed to be the only US non-financial company with such a licence.

The bank has total capital of £17m and a balance sheet of £72m inherited from McDonnell Douglas' existing leasing business. Mr Nelson said he expected to add about £60m of loans this year.

Lex, Page 42

'No EC veto' on fire-foam ban

THE European Commission yesterday said Britain's ban on fire-risk foam in furniture did not need its approval. EC rules outlawing any national measures which curbed European imports and trade could be bypassed in urgent cases of public health or safety.

The UK could immediately introduce standards to ban the dangerous foam, the Commission said, after Mr Francis Maude, Consumer Affairs Minister, said in the Commons this week that the new UK law would need EC sanction.

Reform call on public health

By Feona McEwan

WIDE-ranging proposals aimed at improving public health in Britain were recommended in a report published by the Health Department yesterday – the first big review of public health in England since the 1871 Royal Sanitary Commission Report.

The main proposal is that health authorities should appoint directors of public health with greater authority, in place of district medical officers.

Further suggestions include setting up a small central unit at the Health Department to monitor the population's health at national level; requiring directors of public health to produce annual reports in every district or region; and new guidelines for all health authorities outlining their public health responsibilities.

The report, issued by a Committee of Inquiry led by Sir Donald Acheson, the Government's chief medical officer, also suggests greater emphasis on preventing illness and premature death, and better evaluation of the effectiveness of existing health services.

On infectious disease control, the committee recommends updating public health legislation and details practical recommendations to improve control. It also proposes the appointment of a nominated doctor, to be known as the District Control of Infection Officer.

Public Health in England. HMSO cmd 289. £8

Hoare Govett index 'success'

By Heather Farmbrough

THE HOARE GOVETT Smaller Companies Index of quoted UK companies yesterday celebrated its first birthday with the news that it had outperformed the FT All-Share index by 13.2 per cent last year.

Hoare Govett says it would have outperformed the FT All-Share index in 26 out of the past 33 years, according to data from the London Share Price Database. In bearish or stable market conditions, it performed even better.

Last year the smaller companies index showed a 21 per cent return, after dividends were reinvested, compared with 7.9 per cent on the All-Share.

Mr John Houlihan, head of Hoare Govett's smaller companies' research team, has long believed smaller companies do better.

The index's 1,236 constituents represent 74 per cent of the companies quoted on the main UK equity market, but only 10 per cent of total capitalisation. The average company in the index is capitalised at £27m and half the index value is accounted for by the largest 223 companies.

The message from 1987, argues Mr Houlihan, is that "size is more important than sector selection."

State legal services reviewer chosen

BY PETER RIDDELL, POLITICAL EDITOR

A REVIEW of government legal services is to be undertaken by Sir Robert Andrew after he leaves the job of permanent secretary at the Northern Ireland Office at the end of next month.

He will move to the Cabinet Office for the review. Sir Robert is due to retire later in the year.

His place at the Northern Ireland Office is to be taken by Sir John Blelloch, currently second permanent secretary at the Ministry of Defence. Mr Blelloch's appointment comes at a crucial period, with a review of the Anglo-Irish Agreement scheduled for later this year.

The Rev Ian Paisley, Democratic Unionist leader, and Mr James Molyneaux, leader of the Official Unionists, are expected to meet Mr King later this month in the latest round of their talks about talks.

A 10-strong Unionist team is drafting proposals which the two leaders are expected to put to Mr King in their efforts to seek an alternative to the Anglo-Irish Agreement.

Mr Kenneth Macdonald, who has been responsible for resource and programmes in the Office of Management and Budget in the Ministry of Defence, will be promoted to second permanent secretary

OFT calls for code on Eftpos

By David Churchill

THE OFFICE of Fair Trading yesterday called for a statutory code of practice to to govern electronic funds transfers between banks and customers.

Such a code should also govern the introduction in retail outlets of electronic funds transfer at the point of sale (Eftpos), the OFT believes.

The call for a code comes in the OFT's evidence to the Banking Services Law Review Committee, set up by the Government in 1986 to examine banking services.

The OFT move is aimed at dealing with potential future consumer difficulties arising from the introduction of electronic banking technology.

Where there is a disputed electronic funds transfer, says the OFT, the burden of proof should lie with the card issuer.

It also suggests that electronic funds transfer systems should generate enough records to enable alleged errors to be traced, checked and corrected.

Rover quits motor research project

ROVER GROUP has withdrawn from Prometheus, the pan-European motor industry research programme which has as one of its leading aims the halving of road deaths in Europe by the year 2000, writes John Griffiths.

The UK state-owned vehicles group, which made a record net loss of £892m in 1986 but is expected to announce a small operating profit for last year, is reallocating its research and development resources exclusively to its own needs. They include a new model programme for the Austin Rover cars subsidiary.

Austin Rover has been the main source of funds for the UK contribution to Prometheus, and until the end of last year the UK activities were being co-ordinated by Gaydon Technology, Rover Group's R&D subsidiary in Warwickshire.

Negotiations are proceeding for the Motor Industry Research Association to take over co-ordination of the UK's programme contribution.

Rover Group said yesterday that it lacked the resources to continue all the programmes simultaneously.

Bayer launches patent suit

BY PETER MARSH

BAYER, THE West German chemicals company, has started a court claim for damages against a UK drugs manufacturer which is alleged to be breaching Bayer's patent on a top-selling medication.

Bayer's UK subsidiary has an action pending in the High Court against Evans Medical, a Guildford-based company, which in November launched a "look-alike" version of Adalat, a Bayer heart drug with annual world sales of about £200m.

Evans has been negotiating with Bayer for a year for an agreement to sell a copy of Adalat under Britain's licence of right provisions.

Under that procedure, a company can obtain a licence to sell a copy of certain products patented before 1978 four years before the patent expires.

Evans launched its product without a product licence. Bayer applied for an injunction against Evans but last month a High Court judge rejected that.

Nevertheless Bayer said yesterday it would go ahead with its action to recover damages against Evans. Bayer said it was entitled to expect patent protection over its products.

Big research-based drugs companies in the UK complain that the licence of right provisions, a result of a legal anomaly which the Government is in the process of repealing, gives an unfair advantage to other companies that want to copy their products.

The patent on Adalat expires in March, so other companies have been free since March 1984 to apply for a licence of right to make copies.

So far one company, Generics UK, has gained a licence of right on an Adalat look-alike. It launched its product last May, undercutting the price of the Bayer medication and eating into Adalat's UK sales of roughly £30m a year.

State boost urged for industry R&D

BY DAVID THOMAS

BRITAIN'S position as a leading manufacturing nation is under threat if the Government does not take strong measures to help industry, according to a report published today by the Electronic Engineering Association.

The report is the most extensive exercise of its kind undertaken by the association, which represents 67 large electronics companies with combined sales of £29bn a year.

It focuses on spending on research and development and says R&D spending as a percentage of gross domestic product is falling in the UK but rising in all main competitor countries.

The report's five chief recommendations are:

● A cut in corporation tax to 23 per cent, which the report says would return it to real 1984 levels, with some funds released earmarked for special tax incentives to promote R&D.

● An increase in government-funded R&D and a simplification of grants to industry.

● Action by the Government to ensure that all departments follow its public purchasing guidelines.

● Immediate measures to increase technical education and industrial training.

● Action to stabilise the exchange rate to encourage exports growth.

Industrial Growth. Electronic Engineering Association. Leicester House, 8 Leicester Street, London WC2H 7BN.

Prize in memory of David Watt

AN ANNUAL prize of £2,000 for writers engaged in international and political matters is being introduced in memory of David Watt, former political editor of the Financial Times and director of the Royal Institute of International Affairs, who died last March.

Organised and funded by RTZ, the prize will be open to those whose writings – in English – are judged to have made outstanding contributions to the clarification and understanding of such issues. Details are available from the administrator, David Watt Memorial Prize, RTZ Ltd, 6 St James's Sq, London SW1Y 4LD.

Shah to fund paper by selling Messenger shares

BY RAYMOND SNODDY

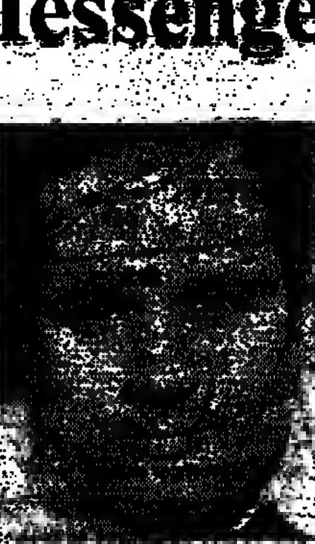
MR EDDIE SHAH aims to raise £5m to launch his planned national daily tabloid newspaper – called The Globe or The Post – by privately offering to Business Expansion Scheme shareholders 20 per cent of shares in his Messenger Group of weekly newspapers.

Mr Shah, founder of Today, a daily newspaper, is advised by Lazards, the merchant bank. A prospectus is expected early next month.

This week he decided to proceed in September or October with the paper, to be aimed at the market of the Star, the Express Newspapers Group daily tabloid.

The business plan drawn up with Lazards sees a range of break-even circulation points depending on the proportion of advertising.

It is said that the new daily would break even on a circulation of 250,000 copies, with 25 per cent advertising sold at £1,700 a page. On these assumptions, a 500,000-copy circulation would produce break-even with no advertising



Eddie Shah: last share in Today sold

at all. An earlier plan saw investments in the paper of £1.5m by Messenger Group and £4m by BES investors.

The Messenger Group publishes 25 weekly newspapers in the Cheshire and Greater Manchester area, eight of them paid for.

It said that in the year to April it would have profits approaching £2.5m on a £13m turnover. Operating profit is about £1m; property sales comprise the rest.

A contract has been drafted for Mr Lloyd Turner, the former editor of the Star, to become editor of the new paper. Yesterday he was unavailable for comment.

It has now become clear that late last year Mr Shah sold his last 10 per cent of Today to Mr Rupert Murdoch's News International. That ended his stake with the paper that acted as a catalyst in Fleet Street's revolution.

Mr Robert Maxwell's printing subsidiary is believed to have offered to Mr Shah full-colour printing of his new paper at the Maxwell Communication plant, Watford, Herts.

The Star lost more than 250,000 in circulation last year in the brief editorship of Mr Michael Gabbert. It might be vulnerable to the planned new daily if Mr Shah raises launch funds.

Chancellor keeps his gaze on far horizons

DURING business questions in the Commons yesterday there were demands that the Government should hold a full-scale debate on foreign affairs in the near future. This drew the usual guarded response from John Wakeham, Leader of the House.

But half an hour later it seemed that we had been plunged into such an event even though the official title was the debate on the Chancellor's Autumn Statement.

Our flamboyant Chancellor, Nigel Lawson, grandly announced that in view of recent events on the stock markets he intended to devote most of his remarks to the world economy. The domestic issue of public expenditure would be dealt with by John Major, the Financial Secretary to the Treasury, when he wound up the debate later.

This unusual arrangement immediately provoked the suspicions of the the Opposition. As Labour's shadow Chancellor, John Smith, protested, it was all very convenient from the Government's point of view. Since Mr Major was finishing the debate nobody would be able to question the propositions he would be advancing.

Any Labour MP who had the temerity to challenge this state of affairs was brushed aside by Nigel in the face of the usual opposition accusations of arrogance.

From the Labour benches David Winnick had the

PARLIAMENTARY SKETCH

check to ask whether expenditure on the National Health Service would be given priority over tax cuts in the forthcoming Budget.

The Chancellor retorted that he had discussed this matter when he addressed the Treasury select committee before Christmas and he did not intend to go into it further on this occasion.

Stuart Holland, a normally mild-mannered member of Labour's Treasury team, wanted to know what action he proposed to take with other finance ministers to get spending going in the international economy.

"I clearly should not have given way to the honourable member," sighed Nigel with the tolerance of a teacher dealing with a particularly backward pupil.

Mr Smith intervened to contest the Chancellor's claims about increases in output in the UK. Again Mr Lawson expressed his disappointment at the low learning curve of those on the Opposition front bench.

"The point I was making was such a simple one that even the Rt Hon and Learned Gentleman ought to understand it," he declared.

But all this preoccupation with world horizons did not prevent him reverting to the domestic scene to bash the Labour Party. He was very disappointed to note the absence of Bryan Gould, Labour's trade and industry spokesman, who is taking the leading role in revising his party's policies.

Recalling that Mr Gould had been born in New Zealand, Nigel wondered whether he had gone back to his native land where the Labour Government had now introduced economic policies with a distinctly Thatcherite tinge.

"I am sure they will teach him a lot," he observed.

There was much scoffing on the Labour benches as the Chancellor sang the praises of the Government's management of the British economy – "we have seen the strongest period of sustained growth since the war and that's a fact."

Naturally he was not surprised at the Opposition's churlish reaction to these claims.

Mr Smith, in an attacking speech, found this all suffocatingly complacent. But if Mr Lawson was preoccupied with the world scene, Mr Smith seemed just as intent on the state of the NHS and felt that many Tories secretly wished to privatise it. He remarked that Conservative MP John Redwood had just produced a pamphlet describing the health service as "an untameable monster".

"It sounds a bit like the Prime Minister," commented one Labourite.

Mr Smith was followed by an elegant contribution from John Biffen, on the Conservative benches. The former Leader of the House philosophically pondered the search for the holy grail in the methods of controlling public expenditure.

JOHN HUNT

Biffen calls for more NHS cash

BY IVOR OWEN

A BIG increase in spending on the National Health Service of between £1.3bn and £2.6bn in the coming financial year was urged by Mr John Biffen, in the Commons last night.

In a cogently argued speech, Mr Biffen, removed from the Cabinet in the post-election reshuffle, warned his former colleagues on the Treasury bench that to regain the political initiative over the NHS they must allocate some of the money available for further income tax cuts – the equivalent of between 1p and 2p off the basic rate.

Mr Nigel Lawson, the Chancellor of the Exchequer, who announced that he would introduce his spring Budget on March 15, listened intently to Mr Biffen's speech without attempting to match the enthusiasm shown by Labour MPs for his conclusions.

They amounted to an endorsement of the views expressed earlier, in a debate on Mr Lawson's Autumn Statement, by Mr John Smith, the shadow Chancellor, who insisted that, as a matter of political priority, providing more money for the NHS should take precedence over tax cuts in the March Budget.

Mr Biffen maintained that the injection of more cash into the NHS should be the preliminary to a comprehensive study into possible changes in health service financing. This could include introduction of an element of state medical insurance.

Pressing for more money to be provided for the NHS, he reminded his colleagues on the Government back benches that their role was not just to underwrite the figures in the Autumn Statement with deferential respect.

Mr Smith cited reports that Mr John Moore, the Social Services Secretary, acknowledged that the total resources of the NHS needed to be increased when he met leaders of the medical profession on Wednesday, as evidence of a change of heart by the Government.

He referred to calculations that the Chancellor would have £3bn available for tax cuts in the March Budget and stressed that the amount then made available for the NHS would

Chief critics in yesterday's debate: John Smith and John Biffen

demonstrate its political priorities.

Mr Smith argued that if the economy was as strong and the nation as prosperous as the Government claimed, it should recognise that the vast majority of people were dependent upon the public services for their standard of living and quality of life.

He contended that the Chancellor's refusal to respond to calls from industry for a reduction in interest rates showed his anxieties over inflation and that his confidence in the economy was not as great as he proclaimed.

Mr Lawson reaffirmed that, despite the uncertainties on the international scene, the British ecooomy was well placed to continue the "excellent progress" of recent years.

Ridiculing the earlier predictions made by Labour leaders that the Government had engineered a short-lived pre-election boom, he stressed that growth in the period since the general election had, if anything, been stronger than before.

The Chancellor also emphasised that public borrowing, even leaving aside altogether privatisation proceeds, looked like turning out at the lowest level since 1970-71.

He repeated his determination to keep a constant watch on all the economic indicators and to take whatever action was required.

Mr Lawsoo said: "I have never hesitated to act in the past when I have judged that there was a risk to our inflation objectives. I can assure the House that I shall not hesitate to do so in future".

Mr Terence Higgins (C, Worthing), the chairman of the Commons Treasury and Civil Service committee, warned that it was "a very dangerous operation" to continue intervention in currency markets to support the dollar.

He told MPs the US was "vacillating" on the issue, and the resources available were probably inadequate. "We are taking a speculative position against very considerable market forces."

The only effective remedy was to "seek to influence the underlying forces and powers which influence what the market is doing." He suggested a mixture of differential interest rates and fiscal policy and urged the Government to continue to seek "co-ordination in the broadest and deepest sense."

Mr Michael Foot, the former Labour leader, described claims of a national economic recovery as "fraudulent" in the light of continuing depression in Wales and other areas.

Earlier, during Treasury question time, concern was voiced on both side of the House over US intentions towards the value of the dollar. Mr Robert Sheldon (Lab, Ashton-under-Lyme) referred to reports that the US was selling Special Drawing Rights to buy yen which was "the nearest thing to selling gold for yen." He asked Mr Lawson:"Do you really think the US is going to defend its currency?"

Mr Tim Yeo (C, Suffolk South) urged Mr Lawson to "avoid committing too much of Britain's financial resources to concerted international support for the dollar" until the US followed policies likely to halt the dollar's decline.

Mr Lawsoo said he did not know whether the reports referred to by Mr Sheldoo were accurate, but such actioo would be "consistent with a determined American move to defend the dollar."

Liverpool FC wins Candy sponsorship

By Ian Hamilton Fazey, Northern Correspondent

LIVERPOOL FOOTBALL Club is to receive £1m of sponsorship from Italy, starting next season.

Candy, the Milan-based domestic appliance maker, will take over as club sponsor from Crown Paints in a three-year deal announced at Anfield, the club's ground, yesterday.

Candy's involvement comes after its five years of successful expansion of the old Kelvinator washing machine plant in Bromborough, Merseyside. The plant employed 150 people when Candy took over in 1982. Now there are 580 workers and turnover has risen to £58m.

Mr Silvano Fumagalli, managing director of Candy Elettrodomestici, flew to Liverpool to conclude the sponsorship and to discuss expansion plans for the Merseyside plant.

Mr Alberto Bertali, managing director at Bromborough, said expansion was inevitable, although the company had yet to decide how to split investment between washing machines, refrigerators, dishwashers and microwave ovens.

GEC and BAe continue £57m suit against BBC

BY RAYMOND SNODDY

GENERAL ELECTRIC Company and British Aerospace are pressing ahead with a £57m lawsuit against the BBC over the corporation's aborted attempt to launch a direct broadcasting by satellite project.

A date has been set for a High Court hearing on the claim for damages against the BBC. It is October 1, 1990, more than 4½ years after the writ and statement of claim for £57.16m (plus interests and costs) was served on the corporation.

The case arises from a project announced in the House of Commons in March 1982. On March 7, 1983 the BBC announced it had signed heads of agreement with United Satellites (Unisat) for the provision of a two-channel DBS service to be launched in September 1986.

Unisat was the consortium set up for the project by GEC, BAe and British Telecom, although BT is not taking an individual part in the lawsuit.

The BBC decided in September 1985 that it could not go ahead alone with the DBS project because of the financial risk.

GEC and BAe are seeking compensation for work carried out on the satellite system. The BBC, which did not sign a final contract, will defend the action and is expected to argue that it was made clear to Unisat that work carried out before a final contract would be at the consortium's risk.

In the BBC's annual report and accounts for 1986-87, published last November, the corporation said it had made no provision to cover any part of the claim.

The BBC said detailed investigations had been made in the course of preparing the corporation's defence.

"On the basis of legal advice received as a result, the BBC remains of the opinion that the claims are likely to fail," the annual report said.

If the case goes ahead on schedule it will be decided during the director generalship of Mr Michael Checkland, who was appointed last year for a five-year term.

A private-sector DBS project for the UK using American satellites is due to be launched in autumn 1989.

Troubles of ever-changing shape at Proteus Rainwear

THESE ARE stormy times for Proteus Rainwear. The Manchester company has had one of its worst periods, in spite of the unexpected lift provided by last year's abysmal British summer. Proteus's £20m of turnover has been stagnant and up to 150 jobs are threatened.

Serious quality problems have caused Harrods to reject thousands of top-of-the-range raincoats, union sources report that trouble is brewing at t' mill and the main warehouse is stocked with overproduced lines that have gone out of fashion.

Horror-stricken, Proteus's parent company, Poseidon Textiles, has dismissed the entire management team. So far, it has tried 24 substitute teams, each of five managers, all MBA go-getters, and some have made classicmanagement errors, requiring help from head office and threatening many a promising career.

Lest anyone think this report a hoax, Proteus is a living company. It is based on one in the real world – a subsidiary of a

Ian Hamilton Fazey on how IBM is helping to update managers' training

large, anonymous corporation – that had similar, real-life problems, including Harrods' rejection of poor-quality garments. However, Proteus Rainwear lives in a world of its own, somewhere in the memory circuits of an IBM mainframe computer at Manchester Business School.

It is not a management game. These behave predictably because they have mathematically based, logical responses that players can work out and so beat the system. Good players merely become good at playing games, rather than becoming good managers.

Mr Hugh Gunz, whose role is that of Frankenstein to the IBM mainframe's monster, says: "Proteus's pedigree is a cross between a flight simulator and Dungeons and Dragons." The analogy with Dungeons and Dragons, a young – and not-so-young – person's fantasy game, is that what you think is real may well not be, just as in real managerial life.

Mr Gunz and Miss Liz Adams, a computer programmer whose role is that of sorcerer's apprentice, have created a living creature running innocently amok across the panorama of corporate life. Only good management can save it from itself.

It is part of project that IBM has supported by investing £2.5m in the business school and providing two secondees to help make it work. The idea is to develop software that can be used for management education worldwide.

Mr Gunz and a team of lecturers feed in the wobblers – using a network of terminals and electronic mail – to keep everyone off balance. Indeed, all communication with the company and within it is by electronic mail, a factor proving hard on managers who cannot type and who think that keyboard work is for women and, thus, beneath them. Proteus drives home that they may well not go far in modern management.

If this makes it like "management by memo", there are many real organisations that fit this style exactly. To keep people thinking of wider issues than those on their computer monitors, Mr Gunz and his colleagues sometimes pretend to be union activists and stir up shop-floor unrest.

If cash flow looks tight, Mr Gunz or a surrogate Frankenstein assumes the shape of a typical bank manager and sends the finance director a polite letter asking for a meeting.

One team of students, all experienced managers from big companies on a business school course, wrote back suggesting the bank manager make an appointment to call in.

The bank manager had been expecting a properly grovelling response and visit from a company of Proteus's size, and responded to the suggestion by giving the management a week to put its affairs in order.

Another echo of real managerial life is that crucial information is buried in masses of routine data. Realism includes incomplete information and individuals only having the information that applies to their departmental functions. As in real corporate entities, Proteus's right hand often has no idea of what its left hand is doing.

For example, the factory keeps sending in returns to the management suite, which may make it look as though everyone is working flat out – but the output is of lines that have failed to sell, and the marketing department has forgotten to tell the production manager.

Meanwhile, the sales department has received some stupendous orders for other lines, but no one has told the factory to make them. On top of that, managers are being bombarded by subordinates with complaints about not being able to park their company cars near the office.

Can this distraction be ignored and delegated to some junior personnel functionary to deal with? Not if a JCB, digging a hole in the road outside the main gate, bumps into an illegally parked salesman's car and causes a serious road accident. It happens on the day of a ministerial visit that has already disrupted management.

Dr Gunz says: "We are trying to create a realistic management environment. In games, nothing happens unless a decision is made. Real life is not like that."

As Proteus proves itself, five other business schools – Strathclyde, Warwick, Aston, University of Manchester Institute of Science and Technology and Sheffield Polytechnic – will plug into it to use in teaching. IBM's hopes are for increased sales in Europe and the US. Proteus will be developed into wider areas than manufacturing, such as finance.

Why is it called Proteus? Dr Gunz says: "Proteus worked for Poseidon and was guardian of all sea creatures. He was able to take on any shape he wanted and had the gift of prophecy. And whenever he was asked a question he changed shape."

Thatcher defends Government stand on secrets legislation

BY TOM LYNCH

NATIONAL security had to be dealt with through government legislation and was too important to be left to a bill sponsored by a backbench MP, Mrs Margaret Thatcher, the Prime Minister, told the Commons at Question Time yesterday.

Mr Neil Kinnock, the leader of the Opposition, had challenged Mrs Thatcher to explain the Government's determined stand against the Protection of Official Information Bill, sponsored by Mr Richard Shepherd (C, Aldridge Brownhills) and supported by MPs of all parties, which aims to liberalise the law relating to the disclosure of information in the public interest.

The bill has its second reading debate in the Commons today and the Government has taken the unprecedented step of issuing a three-line whip instructiog its MPs to vote against a private members' bill.

Mr Shepherd has had several meetings with ministers including Mr Douglas Hurd, the Home Secretary, at which each side has held its ground. Yesterday, Mr Shepherd met the Prime Minister at his own request, but neither side was prepared to give way.

In a further attempt to head off a Tory revolt on the bill, Mr John Wakeham, the Leader of the House, at Question Time promised MPs a debate before the summer recess on the white paper the Government plans to publish in June with a view to bringing forward its own bill, possibly in the 1988-89 session.

Mr Kinnock taunted Mrs Thatcher: "Your case is so weak you have to whip." The Government could have put its full facilities at Mr Shepherd's disposal to help him draft his bill. He reminded her that senior

John Wakeham: gave promise of future debate

Tories had used words like "monstrous" and "dangerous" to describe the Governmeot's tactics.

"It is obvious that your response has nothing to do with state security and everything to do with a shallow attitude, a spiteful attitude, a spurious attitude."

Mrs Thatcher said she opposed the bill because of the "great complexity of this matter and the responsibility of the Government on these matters", and because of the Government's plans for its own bill. "It is vital this matter is dealt with by Government measures."

She insisted that a private member's bill was no way to deal with matters affecting national security, and reminded MPs that a government bill had failed to get through the House of Lords in 1979.

Last night, senior ministers were expressing "total confidence" that the bill would be defeated, though they sought to extend an olive branch to Mr Shepherd and his supporters by conceding that they had had an effect in bringing the white paper forward.

● Mr Tony Benn, the former Labour Cabinet minister, yesterday flouted the secrecy laws by publishing a classified government document containing guidance to ministers on their cooduct, includiog matters relating to their commercial interests.

Mr Benn has called unsuccessfully for the document to be published several times in the past – his latest attempt was earlier this week. He said he was publishing it in an attempt to ridicule the law on secrecy ahead of today's debate.

He told reporters the documeot was "not tremendously exciting. When you look at it you will find that, really, there's nothing secret in it. So the first question that arises is why is a document that is so eminently not secret not published?"

After the 35-minute meeting with Mrs Thatcher, Mr Shepherd said: "I am going to fight my corner. These are important issues."

The Prime Minister told him there was no prosepct of the whip being removed. She insisted that backbenchers should not negotiate with other parties on matters touching on national security.

She also rejected his compromise that the matter should be referred to a select committee with a brief to examine the subject and report back to the Commons.

Gould calls for clear line on FT

By Peter Riddell, Political Editor

LORD YOUNG, the Trade and Industry Secretary, was yesterday urged by the Labour Party to make clear to Mr Rupert Murdoch that his News International group would not be allowed to take over Pearson, the owners of the Financial Times.

The demand came from Mr Bryan Gould, the shadow Trade and Industry Secretary, after the announcement that Mr Murdoch had raised from 15 per cent to nearly 20 per cent his stake in Pearson.

Mr Gould said that "Mr Murdoch's claim that he is only interested in a closer partnership and long-term investment is no longer believable, since he is prepared to pay well over the going rate for FT shares.

"The shape of an FT run by Mr Murdoch is clear. None of his papers – including the one that used to pride itself as a journal of record – included in today's report any mentioo of Pearson's hostile reaction. No-one would trust a Murdoch FT as an impartial journal of financial record.

"The first tests of Lord Young's claimed new competitioo policy will be whether he takes any action to make it clear Rupert Murdoch will not get beyond first base in his takeover plan," Mr Gould argued.

In the Commons yesterday, Mr John Wakeham, the Leader of the House, indicated that the Government would look at any bid involving the FT. He said: "There are very clear rules laid down concerning mergers and takeovers of newspapers. Lord Young will conduct himself entirely within those rules. If a statement is required it will be made."

He was replying during business questions to Mr David Winnick, the Labour MP for Walsall North, who said: "It would be totally wrong if this gentlemen were to own even more of the British press."

Laing becomes joint treasurer of Tory party

By Peter Riddell, Political Editor

SIR Hector Laing of United Biscuits is to become a joint treasurer of the Conservative Party following an invitation from Mrs Margaret Thatcher.

He has been chairman of the City and Industrial Llasoo Council for the past four years which has involved actively raising funds for the party.

Next week in Commons

MONDAY: Criminal Justice Bill (Lords), second reading. Scottish Rate Support Grant and Revaluation Rate Rebates Orders.

TUESDAY: Opposition-initiated debate on the "current crisis in the National Health Service".

WEDNESDAY: Debate on Hong Kong.

THURSDAY: Firearms (Amendment) Bill, second reading.

FRIDAY: Abortion (Amendment) Bill.

Minister stresses value of lower pay increases

BY TOM LYNCH

INDUSTRIALISTS making repeated calls for lower interest rates were told yesterday that they could help themselves by holding down the level of their pay awards.

Mr Peter Lilley, the Economic Secretary to the Treasury, said at Question Time in the Commons: "A 1 per cent moderation in pay rises would be worth roughly four times as much to British industry as a 1 per cent reduction in interest rates, even if that was sustained for a full year."

Mr Ian Taylor (C, Esher) told Mr Lilley: "Industry can help itself by keeping a tighter grip on its unit pay costs." This would ensure a fall in inflation, leading to a decline in interest rates.

Mr Lilley told him: "You are right to highlight the importance of industry keeping control over its pay costs."

His statement echoed remarks outside the House by Mr Norman Fowler, the Employment Secretary, warning that prospects for future employment could be undermined by "excessive" pay awards.

The 40 minutes of Treasury questions were dominated by an upbeat tone from ministers in the wake of yesterday's fall in the unemployment figures. Mr Nigel Lawson, the Chancellor, was confident about the prospects for the economy this year, despite forecasts of a rise in inflation in the fourth quarter.

Mr John Major, the Chief Secretary to the Treasury, told Mr Robert McCrindle (C, Brentwood and Ongar) that there was no sign of overheating in the British economy.

When Mr Chris Smith, from the Labour front bench, challenged Mr Lawson on why a Governmeot which set such store on holding down inflation had pushed up rents and electricity, water and nationalised industry prices, Mr Lawson curtly told him: "You haven't got the first idea of what causes inflation."

Hopes remain over Scottish committee

GOVERNMENT sources suggested last night that, despite the failure of MPs to resolve the issue, there is still a chance that the Commons Scottish select committee can be established.

On Wednesday night, MPs voted by 197 to 159 to "take note" of a report from the committee of selection which has itself been unable to resolve a dispute over the Scottish committee's composition.

The problem stems from the poor Tory performance in Scotland at the last general electioo, reducing the number of eligible MPs who can sit on the committee. Several formulas for establishing a committee which preserved the Tory majority were rejected.

The battle is on for Ashford

By Paul Cheeseright

REG WARD has a problem. He is full of ideas for projects around Ashford in Kent, but even if they stand up to financial scrutiny, he has no land on which to realise them.

The man who was chief executive of the London Docklands Corporation and who opened up the area east of the City to a splurge of development is now chief executive of a company which has nothing but influence, ideas, and funds.

That company is Kent European Enterprises (KEEL), a joint venture with Balfour Beatty Developments, Richard Costain, Tarmac Properties, Wimpey Property and Taylor Woodrow Property – in fact, the property arms of the main British contractors for Eurotunnel.

KEEL has been especially committed to development south-east of Ashford, with the aim of finding and exploiting property opportunities thrown up by the economic impact of Eurotunnel. It has identified broad but not specific opportunities for development. It has done studies of the area, partially funded by the Ashford Borough Council. What it has not done is to buy any sites.

The company which does have the sites, in fact 2000 acres acquired either through direct purchase or options, is Northern England Development Associates (NEDA), the Yorkshire company, run by Jim Cookson.

Just before Christmas NEDA formally put before the Ashford Borough Council a planning application covering 600 acres - the rest would be covered by trees and water. NEDA envisages a mixed development, including five hotels, a conference centre, warehouse and distribution facilities, offices, multiplex cinema, library, community centre and retail facilities. It would be the biggest project of its kind in the country.

Both KEEL and NEDA are looking for partnerships – KEEL as a means of entering the Kent development game on the pitch, NEDA because its project is so large that it would make sense to forge alliances with, for example, specialist hotel operators or specialist leisure park developers.

Next week Jim Cookson and Reg Ward will meet for the first time at the NEDA headquarters in Boroughbridge to see whether they need each other.

It is hardly surprising that both see Ashford as a focal point for development. It has been seen as a future growth point for many years within the context of Kent town and country planning. More recently the whole atmoaphere has changed with the go-ahead for Eurotunnel, with Ashford as the British terminal, and the decision to start construction of the extension of the M20 from Maidstone to Ashford. That will put the town on one of the main communication spokes from London.

Official reports like the Kent Impact Study, compiled last year by a group of civil servants from Whitehall and Kent local authority officers, singled out Ashford "as the commercial and industrial hub of east Kent, radiating confidence and opportunity to the currently less resilient areas." The same point is made in the revisions to the Kent structure plan.

One key question that immediately emerges is, as Peter Spiller, the Deputy Borough Planning Officer at Ashford, put it, "Can the formal planning process keep up with the development pressures"?

Both are in a state of flux. There has just been a local public enquiry into changes in the Ashford local plan. By the summer, the borough council should have the inspector's recommendations, after which it will adapt the plan as necessary. Then it needs the approval of the Kent County Council and the Environment Secretary before the planning text emerges which should carry the area through at least to the opening of Eurotunnel.

But it is a time-consuming and cumbersome process. As Reg Ward noted, "Developments need to start this year – we want them up and running when the tunnel opens." This is to be able to anticipate the economic benefits.

Developers are already starting to run hard. The Ashford Borough Council has been processing the final stages of two applications for significant developments in the northern part of the town. These are for a science park and a hotel on land owned by Trinity College, Cambridge and for a 200-bed hotel that will be developed by Turret Properties.

Ashford Council has also received an application from Henry Lax, the Leeds property company, to move the Ashford cattle market from the centre of the town to a site in the south and replace it with a shopping complex. The new development would have a direct link to the new Eurotunnel passenger rail terminal.

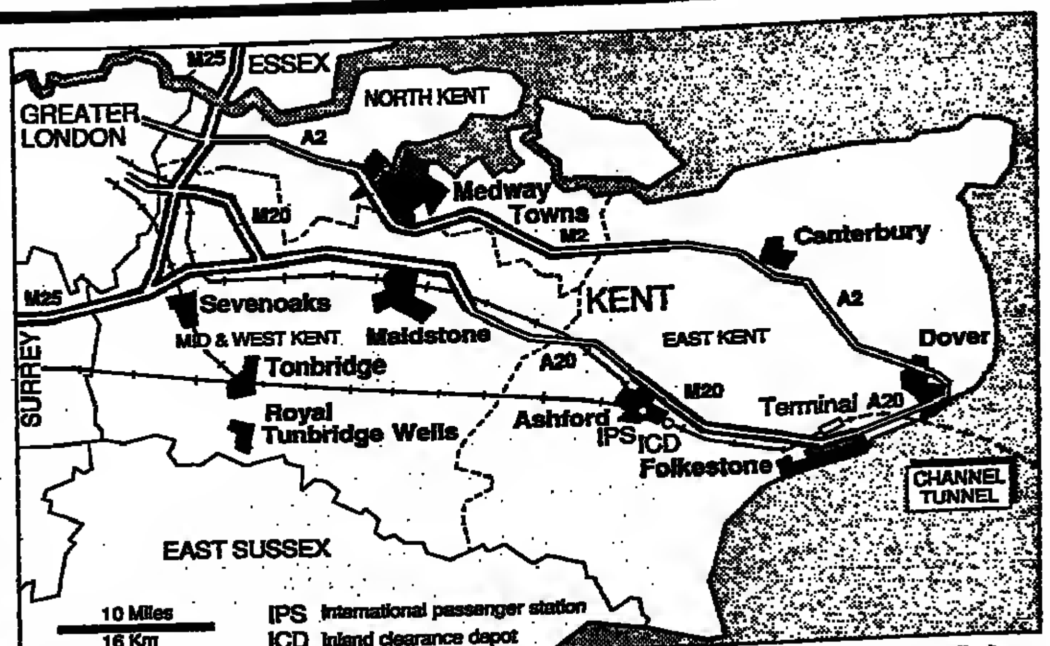
But the most readily available land for new projects is south-east of the town, where NEDA has its holdings. Development in this area will have the least physical impact and the best infrastructure, because of the orbital road to the south of the town.

The NEDA plans fit into the general thrust of planning policy, which is to make the area more welcoming to development, but they are still difficult for the Borough Council to swallow. At the moment there is no allocation of land for the level of development as it has been formally proposed by NEDA.

At the end of the day, it seems likely that the NEDA plans will be called in to the Department of Environment in London for a final decision. Ashford planners expect this simply because of the scope of the plans.

That is only one development. Kent Council planners are aware that there is resistance in the area to too much fast development. They are also aware that if there is economic growth then more provision should be made for housing. But county councillors have backed away from the idea of what in effect would be a new town to provide that housing.

The point about all of this is that planning permission for Ashford projects will not necessarily come through with a nod. The answer to the question Mr Spiller asked will probably turn out to be a qualified "no".



TOMORROW, the Kent County Council will place its revised structure plan before the Department of Environment, which in turn will probably hold a public examination of it before making any decision on whether it is acceptable.

It is a document on which a lot of investment decisions depend, since it will settle the broad patterns of land use in Kent in response to Eurotunnel.

Time is already short. Eurotunnel should open for business in 1993, but it could be next year before the structure plan is in place. Not much time for the local planners and developers to get their act together.

The thrust of the structure plan is to make Kent more welcoming to new investment. But the original version aroused immediate protest. "Kent's countryside is being stabbed in the back," said the Council for the Protection of Rural England (CPRE).

So the modified version which the Department of Environment will be looking at contains three significant changes.

- The role of new investment in relation to countryside policies is clarified. The need to create development opportunities is maintained but not at the expense of Green Belt or countryside preservation. There will be no attempt, for example, to relax Green Belt restraints in west Kent.
- The one area where the County Council will seek to re-draw Green Belt boundaries will be around Dartford. Both this and the earlier point are a bow in the direction of the CPRE.
- Plans to create what the planners call a freestanding community – a new town – near Ashford have been dropped, thus reducing the amount of new land available for housing. The effect is to make Ashford a growth point for employment, but not for housing.

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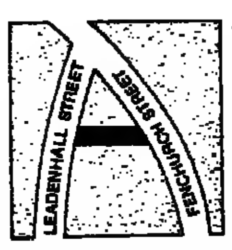

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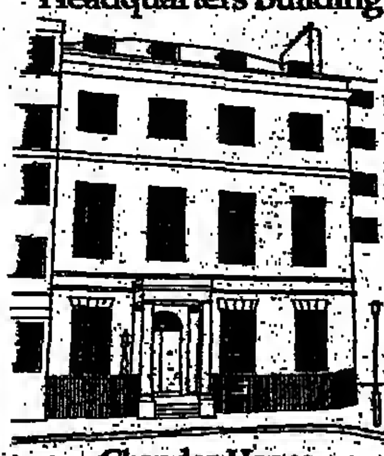

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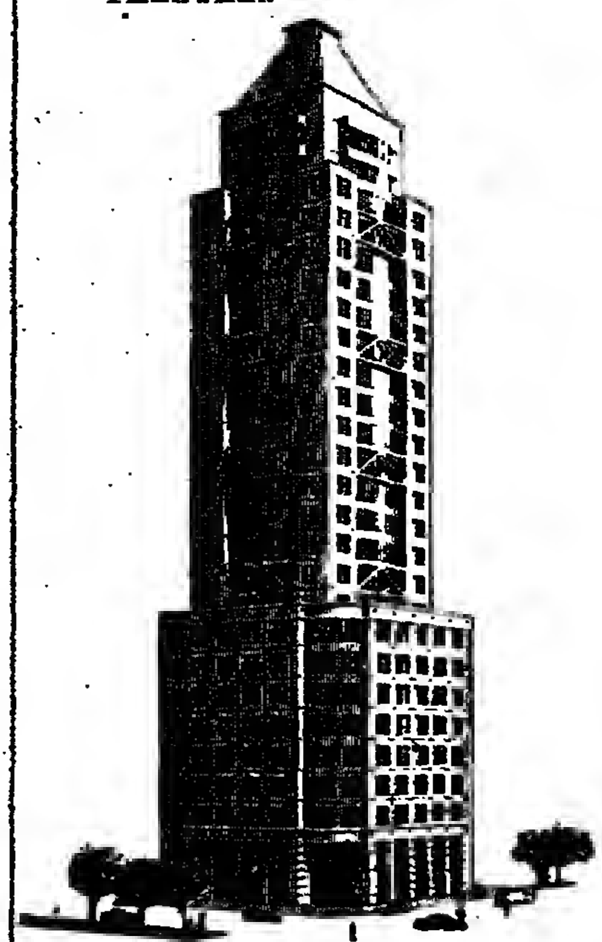

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b) Residential property & land
c) Agricultural land & farms
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PROJECT NAME

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The Contractor shall prepare proposals for both reversing heat exchanger and front end purification (molecular sieve) type plant for Erdemir's consideration.

B SLAB REHEATING FURNACE AND AUXILIARY EQUIPMENT

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2 Tender documents for each project mentioned under A and B above may be obtained from the following address as of January 18, 1988 and after depositing 750.000. - Turkish Liras for each project to Erdemir cashier's office at KDZ-Eregli-Turkey indicating the project name:
Erdemir, Vice President Purchasing
Foreign Purchases Department (SA.17)
KDZ, Eregli, Turkey

3 Bid closing dates for both projects A and B above are 28 April, 1988 and 29 April, 1988 respectively and no sealed bids shall be taken into consideration for evaluation if submitted to our above mentioned company address after the said date(s).

4 Our company reserves the right to place the order either partially or completely with any bidder or to cancel the tender completely. The receipt of quotations shall in no way be binding upon our company.

5 As the finance source either Suppliers Credit or any credit in foreign currency to be provided by Erdemir shall be utilized.

6 During the bidders qualification, the following points shall be taken into consideration:

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(B) The sub-suppliers so selected by the bidders must be well experienced companies in their respective fields.

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EDR holders may now present Coupon No. 21 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

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Belgium	France	New Zealand	Sweden
Brazil	Hungary	Norway	Switzerland
Canada	Indonesia	Poland	United Kingdom
Czechoslovakia	Ireland	Rep. of Korea	U.S. of America
Denmark	Italy	Romania	Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1987.

Amounts payable in respect of current dividends.

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Agent: Citicorp Investment Bank (Luxembourg) S.A. 16 Avenue Marie Therese

January 15th, 1988

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN MARUBENI CORPORATION

Further to our notice of September 1987 EDR holders are informed that Marubeni Corp has paid a dividend to holders of record September 30, 1987. The cash dividend payable is Yen 2.5 per Common Stock of Yen 50.00 per share. Pursuant to the Terms and Conditions the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 13 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt	F.R. of Germany	Malaysia	Singapore
Australia	Finland	The Netherlands	Spain
Belgium	France	New Zealand	Sweden
Brazil	Hungary	Norway	Switzerland
Canada	Indonesia	Poland	United Kingdom
Czechoslovakia	Ireland	Rep. of Korea	U.S. of America
Denmark	Italy	Romania	Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1987.

Amounts payable in respect of current dividends.

Coupon No. 13, EDR, denomination,	Gross, Dividend,	Dividend payable, less 15% Japanese, withholding tax,	Dividend payable less 20% Japanese withholding tax
10,000 shares,	$ 203.08,	$ 172.62,	$ 162.48
1,000 shares,	$ 20.30,	$ 17.26,	$ 16.24

Depositary:, Citibank, N.A., 336 Strand, London, WC2R 1HB,

Agent: Citicorp Investment Bank (Luxembourg) S.A. 16 Avenue Marie Therese

January 15th, 1988

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN SHARP CORPORATION

Further to our notice of September 23, 1987 EDR holders are informed that Sharp Corporation has paid a dividend to holders of record September 30, 1987. The cash dividend payable is Yen 5.5 per Common Stock of Yen 50.00 per share. Pursuant to the Terms and Conditions the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 13 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt	F.R. of Germany	Malaysia	Singapore
Australia	Finland	The Netherlands	Spain
Belgium	France	New Zealand	Sweden
Brazil	Hungary	Norway	Switzerland
Canada	Indonesia	Poland	United Kingdom
Czechoslovakia	Ireland	Rep. of Korea	U.S. of America
Denmark	Italy	Romania,	Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30 1987.

Amounts payable in respect of current dividends.

Coupon No. 13, EDR, denomination,	Gross, Dividend,	Dividend payable, less 15% Japanese, withholding tax,	Dividend payable less 20% Japanese withholding tax
1,000 shares,	$ 44.67,	$ 37.97,	$ 35.74

Further to the notice of September 23, 1987 concerning the free distribution of shares (12 new for each 100 old), EDR holders are informed that the new shares are now available for delivery and should be claimed by presenting Coupon No. 14 to the Depositary or the Agent. EDRs will only be issued in Authorised Denominations of 1,000 shares, therefore any EDR holder not able to present coupons making-up an Authorised Denomination will receive the net proceeds of the sale of their entitlement in United States Dollars pursuant to Condition 5 of the Terms and Conditions.

Depositary:, Citibank, N.A., 336 Strand, London, WC2R 1HB,

Agent: Citicorp Investment Bank (Luxembourg) S.A. 16 Avenue Marie Therese

January 15, 1988

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MITSUI & CO., LTO

EDR holders are informed that Mitsui & Co., Ltd has paid a dividend to holders of record September 30, 1987. The cash dividend payable is Yen 2.5 per Common Stock of Yen 50.00 per share. Pursuant to the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 39 for payment.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt,	F.R. of Germany	Malaysia	Singapore
Australia	Finland	The Netherlands	Spain
Belgium	France	New Zealand	Sweden
Brazil	Hungary	Norway	Switzerland
Canada	Indonesia	Poland	United Kingdom
Czechoslovakia	Ireland	Rep. of Korea	U.S. of America
Denmark	Italy	Romania	Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30 1987.

Amounts payable in respect of current dividends.

Coupon No. 39 EDR, denomination,	Gross, Dividend,	Dividend payable, less 15% Japanese, withholding tax,	Dividend payable less 20% Japanese withholding tax
share,	$ 0.010154.	$ 0.008631.	$ 0.008123

Depositary: Citibank, N.A. 336 Strand, S.A. London, EC2R 1HB, January 15th 1988

NOTICE TO HOLDERS OF BEARER DEPOSITARY RECEIPTS (BDRs) IN HITACHI, LIMITED

EDR holders are informed that Hitachi Limited has paid a dividend to holders of record September 30, 1987. The cash dividend payable is Yen 4.5 per Common Stock of Yen 50.00 per share. Pursuant to the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 9 for payment.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt,	F.R. of Germany,	Malaysia,	Singapore
Australia,	Finland,	The Netherlands,	Spain
Belgium,	France,	New Zealand,	Sweden
Brazil,	Hungary,	Norway,	Switzerland
Canada,	Indonesia	Poland,	United Kingdom
Czechoslovakia,	Ireland,	Rep. of Korea,	U.S. of America
Denmark,	Italy,	Romania,	Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30 1988.

Amounts payable in respect of current dividends.

Coupon No. 9 BDR, denomination,	Gross, Dividend,	Dividend payable, less 15% Japanese, withholding tax,	Dividend payable less 20% Japanese withholding tax
1 share,	$ 0.034816,	$ 0.029593,	$ 0.027852

Depositary: Citibank, N.A. 336 Strand, London, EC2R 1HB.

January 15, 1988

Arts Week

F	S	Su	M	Tu	W	Th
15	16	17	18	19	20	21

Exhibitions

LONDON

Tate Gallery. Turner in the new Clore Gallery. The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extensioo to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal walls Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for water-colours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

PARIS

Centre Georges Pompidou. Lucien Freud chose the 83 paintings for his first retrospective outside England. Apart from a portrait of Francis Bacon and a series of portraits of his first wife, the exhibition is dominated by his figurative nude portraits of the last 20 years. Closed Tue. (427 71233). Ends Jan 24.

Galerie Odermatt-Cazeau. Maximilien Luce. Luminous and well-structured, be adds realistic images from a working class universe to many of the impressionist's themes of the Seine, the Thames and Saint-Tropez. 85 Bis, Rue du Faubourg, Saint Honore (4266 9258). Ends Jan 30.

Museé des Arts Decoratifs. More than a thousand woodeu toys from as far afield as Greenland, Mexico and Russia carved by 18th century woodcutters or modern designers recreate the enchanted childhood world of villages and dolls, horses and trains. 107 Rue de Rivoli (42603214). Ends Feb 14.

Grand Palais. Treasures of the Celtic Princes. Prestigious archeological finds from what is, nowadays, France, Germany and Austria, bear witness to a luxury-loving civilisation which flourished in the Celtic universe. Bronze armour, cauldrons, the crater from Vix, all imported from Greece or Etruria. (42560924). Ends Feb 15.

WEST GERMANY

Munich, Kunsthalle der Hypo-Kulturstiftung, Rene Magritte 1898-1967. This is the first extensive retrospective of the Belgium surrealist shown in Germany. 140 works from museums and private collections in Europe and the US will seek to refute criticism that he was not concerned about what he was drawing. Theatinerstr. 15. Ends Feb 14.

Stuttgart, Galerie der Stadt. Max Ackermann (1887-1975). The 100th anniversary of his birth commemorated by a comprehensive retrospective with 80 pictures from the main periods of his working life. Schossplatz 2. Ends Feb 21.

ROME

Palazzo dei Conservatori Campidoglia. Hidden Treasure: The Imperial Silver Collection From Kaiseraugst. An extraordinarily fine collection of silver tableware dating from 350 AD, hastily buried by two roman generals, Marcelliano end Romulo, wheu the Castrum Rauracense (the site of the modern village of Kaiseraugst) on the northern perimeter of the troubled Roman Empire was threatened with barbarian invasion. They clearly intended to collect their possessions once the danger was past. The treasure was discovered in 1962, during excavation work for the foundations of a school. 254 pieces – weighing 37 kilograms of 97 per cent pure silver, reckoned to correspond in value to one year's pay for 140 roman soldiers. The portraits on the 167 fine coins and ingots have made it possible to date the collectiou precisely. There are delicately-curved, long-hendled spoons, some silver beakers (glass was already more fashionable), serving dishes – one splendid octagonal, one decorated with a frieze recounting the life-history of Achilles, and another rectangular, decorated with a charmingly improbable fish, and an elaborate candlestick wlth markedly oriental decoratiou, inlaid with gold. Ends Feb 14.

WASHINGTON

National Gallery. A centenary retrospective of Georgia O'Keeffe includes 115 oil paintings and drawings, among them rarely seen examples from her familiar New Mexico landscapes, exotic flowers and still lifes. Ends Feb 21.

CHICAGO

Art Institute. More than 80 drawings of early 19th-century architect Friedrich Weinbrenner show his influence in rebuilding Karlsruhe and Baden Baden as well as doing numerous commissions for German royalty. Ends Feb 28.

TOKYO

Nezu Mnseum. Japanese swords and fittings. Objects of beauty as well as instruments of death, these swords are elegant in shape, line, texture and design. The exhibitiou features 60 items from the museum's collection. Afterwards, take a stroll in the densely wooded garden, lovely at all times of the year, and forget you are in the heart of the metropolis. (400 2536). Ends Feb 7.

Theatre

LONDON

The Rover (Mermaid). Jeremy Irons roisters into town in the RSC's Swan production by John Barton of Aphra Behn's rollicking comedy. It plays in repertoire with the Chernobyl play, Sarcophagus, an urgent but clumsily crafted hospital drama set in a terminal radiation clinic as the first victims of the disaster are wheeled in. (236 5568/638 8891).

A Man For All Seasons(Savoy). Charlton Heston begs no favourable comparison with Paul Scofield as Sir Thomas More in a leaden production of a play best left to amateurs and schoolchildren. (836 8888).

Antony and Cleopatra (Olivier). Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life. Judi Dench and Anthony Hopkins are battle-scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. (928 2252).

The Phantom of the Opera (Her Majesty's). Spectacular emotionally nourishing new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. (839 2244, CC379 6131/240 7200).

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old bnrlesque reunion in a doomed theatre. Four uew songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399).

Serious Money (Wyndham's). Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid. (836 3028, CC 379 6585).

A Small Family Business (Olivier). Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale. (928 2252).

A Chorus Line (Shubert). The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace). With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages barely to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth). The Tony's best play of 1986 won on the strength of its work-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Les Miserables (Broadway). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. But it has proved to be n durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor preferably British. (947 0033).

NEW YORK

Fences (46th Street). August Wilson hit s home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings. (221-1211).

Cats (Winter Garden). Still e sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and over-blown idea of theatricality. (239 6262).

42nd Street (Majestic). An immodest celebration of the heyday of Broadway in the 1930s incorporates gems from the original film, like Shuffle Off To Buffalo, with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

CHICAGO

Passion Play (Goodman). Peter Nichol's clever twinning of the major characters as they conduct a duplicitous affair adds a sharp edge to the view of contemporary life in London. (443 3800). Ends Feb 13.

TOKYO

35 Steps (Aoyama Theatre). Song and dance with the Shiki Theatre Company which specialises in musicals and which is celebrating its 35 anniversary this year. The evening features 35 extracts from past, present and future Shiki productions – from West Side Story to Phanton Of Tbe Opera. (0120-489444). Ends Feb 21.

Kabuki (Kabuki-Za). Tokyo's main Kabuki theatre is celebrating its centenary with a year-long festival featuring perennial favourites and new works. The morning programme this month includes Kanchinjo, in which the wily servant outwits his master's pursuers. The afternoon programme has another popular piece, Sukeroku. Both plays are the property of the Ichikawa family whose kabuki lineage dates back 250 years and feature the current head of the family, Danjuro XI. Excellent earphone commentary in English. (541 3131).

Music

LONDON

London Symphony Orchestra conducted by Wyn Morris with David Golub, piano. Beethoven and Rachmaninov. Barbican Hall (Thur). (638 8891).

PARIS

Orchestre National de France, Radio France Choir: Mozart (Mon). Theatre des Champs Elysees. (47 20 36 37).

Soloists' Choir and Orchestra conducted by Hngues Reiner with Mikhail Rudy: Beethoven, Brahms (Mon). Salle Pleyel. (45 63 88 73).

Ensemble Orchestral de Paris conducted by Gilbert Amy: Ligetti, Gilbert Amy (Tue). Salle Pleyel. (45 63 88 73).

Gidon Kremer, violin, **Martha Argerich,** piano (Tue). Theatre des Champs Elysees. (47 20 36 37).

Nouvel Orchestre Philharmonique conducted by John Nelson, Francois-Rene Duchable, piano: Berlioz, Ravel (Wed). Radio France. (42 30 15 16).

Orchestre de Paris conducted by Daniel Barenboim: Schoenberg, Bruckner (Wed, Thur). Salle Pleyel. (45 63 88 73).

Orchestre National de France conducted by Kurt Masur, Alexis Weissenberg, Piano: Mendelssohn, Mozart, Brahms (Thur). Theatre des Champs Elysees. (47 20 36 37).

Gabrieli String Quartet: Britten, Elgar, Tchaikovsky (Thur), Salle Gaveau. (45 83 20 30).

ITALY

Milan, Teatro Alla Scala: Maurizio Pollini, piano, Schubert and Liszt (Mon). (80 91 26).

Rome, Auditorium in via Della Conciliazione: Juri Temirkanov conducting Mahler 2 with soprano Larisa Sheveenko and contralto Evgenia Gorochovskaja (Mon and Tue). (65 41 044).

Rome, Teatro Olimpico (Piazza Gentile da Fabriano): recital by violinist Uto Ughi (Wed). (39 33 04).

Rome, Oratorio del Gonfalone (via del Gonfalone 32/A): Aulos Quintet. Vivaldi (Thur). (90 18 203).

NETHERLANDS

Amsterdam, Concertgebouw. The Netherlands Student Orchestra conducted by Lucas Vis, with Fred Oldenburg, piano: Roosendael, Ravel, Rachmaninov (Tue). Hartmut Haenchen conducting the Netherlands Philharmonic, with Naum Grubert, piano: Scriabin, Mahler (Wed, Thur). Recital Hall: Robert Holl, bass, accompanied by Rudolf Jansen play Schubert, Stephen, Knab, Pfitzner (Tue). The Muir Quartet: Janacek, Haydn, Brahms (Wed). Arno Bornkamp, saxophone, with Ivo Janssen, piano, and the Beaufort Wind Quintet: Milhaud, Brahms (Thur). (71 83 45).

The Hague, Philipszaal. Alain Lombard conducting the Hague Philharmonic, with Olivier, Charlier, violin: Mozart, Mendelssohn, Beethoven (Tue, Thur). (60 98 10).

Utrecht, Vredenburg. Hartmut Hanechen conducting the Netherlands Philharmonic, with Naum Grubert, piano: Scriabin, Mahler (Tue). (31 45 44).

Groningen, Oosterpoort. The Netherlands Chamber Choir, Schonberg Ensemble and The Hague Percussion Group under Reinbert de Leeuw: Messiaen, Dallapiccola, Ligeti (Tue). The Vocem group with modern vocal compositions (Wed). Violin recital by Mark Lubotsky (Thur). (13 10 44).

NEW YORK

Chamber Music Society of Lincoln Center (Alice Tully): Mozart, Peter Lieberson, Brahms (Tue). Lincoln Center (362 1911)

New York Philomusica, Robert Johnson director. Haydn, Shostakovich, Mozart (Mon). Merkin Hall (Goodman House)67th w of Broadway (362 8719).

Tokyo String Quartet. All-Beethoven programme (Wed). Kaufmann Hall, 1395 Lexington Avenue (831 8603).

New York Philharmonic, Zubin Mehta conducting, Maria Joao Pires piano. Wagner, Beethoven, Reich (Tue); Erich Leinsdorf conducting, Kathleen Battle soprano, John Aler tenor, Benjamin Luxon baritone, New York Choral Artists directed by Joseph Flummerfelt. Haydn (Thur). Avery Fisher Hall, Lincoln Center (874 2424).

WASHINGTON

National Symphony, Giuseppe Sinopoli conducting. Salvatore Accardo violin. Verdi, Mendelssohn, Mahler (Mon); Mstislav Rostropovich conducting, Nicola Ghinselev bass, Choral Arts Society of Washington directed by Norman Scribner. Bach, Shostakovich (Thur). Concert Hall, Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Hugh Wolff conducting, Earl Wild piano. Barber, A Rubinstein, Berlioz (Thur). (435 8111).

Opera and Ballet

LONDON

Royal Opera (Covent Garden). The new production of Rossini's Italiana in Algeri is led by Agnes Baltsa and the veteran buffo bass Paolo Montarsolo; but the most distinguished contributions come from baritone Alessandro Corbelli, and conductor Gabriele Ferro.

English National Opera, (Coliseum). Hansel and Gretel, in the new production by David Pountney conducted by Mark Elder, is a triumph of imaginative operatic reworking. The revival of Der Rosenkavalier introduces Valerie Mastersou's Marschalliu. The famous Jonathan Miller Mafia-style Rigoletto has its last ENO performance.

Royal Ballet (Royal). Two performances of Giselle followed by a triple bill.

PARIS

Paris Opera. Orphee aux Enfers is condncted by Lothar Zagrosek with Michel Senechal, tenor, dominating Offenbach's joyous parody of Gluck. (47425750).

Carte Blanche. (Opera Comique). A ballet performance leaving astar role to the opera's painters and sculptors. (42960611).

WASHINGTON

Washington Opera (Eisenhower). The company revives its 1986 hit L'Italiana in Algeri with Mimi Lerner and Francois Loup in repertory with Ruddigore. Kennedy Center. (254 3670).

HMS Pinafore (Opera House). Brian Mcdonald's production stars Ron Moody and Meg Bussest. Kennedy Center. Ends Feb 6. (254 3770).

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FINANCIAL TIMES

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Male come-uppance

Fatal Attraction (18) Plaza and general release
No Way Out (15) Odeon Leicester Square
The Glass Menagerie (PG) Cannon Haymarket
Tough Guys Don't Dance (18) Cannons Tottenham Court Road and Panton Street

Fatal Attraction is the American thriller which has so far burned a 130-million-dollar hole in US filmgoers' pockets. Audiences aroused by the flammable passions of the plot – as married man Michael Douglas is violently pursued by one-night blonde Glenn Close who wants more than one night – have been matched by feminists and others equally aroused: in their case by the film's alleged misogyny.

For them *Fatal Attraction* is male chauvinist piggery at 24 frames per second. The dice, they say, are loaded as follows. He (Mr Douglas) is a nice, fortyish lawyer who succumbs to the call of the flesh one weekend while his wife and kids are in the country. A peccadillo, implies the film: we males might all so succumb.

She (Close), on the other hand, is an unmarried woman, dressed and coiffed to kill. She first bats eyelashes at our hero and then, when he declines to come back for more, bats kitchen knives, midnight phone calls to his family and murdered rabbits. From an independent-minded career lady, slinging her sexual hook in upper-income New York, Miss Close becomes a raving harpy and a symbol for every male filmgoer's sexual hang-ups: from fear of women themselves to fear of AIDS.

The feminists are right, of conrse. All this is implied – indeed skywritten – in the film. Close *does* become a harpy. Douglas *is* Mr Nice Guy trying to get out of a tight corner. But none of this speaks against the movie. For *Fatal Attraction* is a wonderfully batty fable about a male-dominated society getting its come-uppance. The film's two British creators, scenarist James Dearden (son of British director Basil) and director Adrian Lyne (of *Flashdance* and *9½ Weeks*), have dreamt a male nightmare and slapped it up, unrefined and unconfined, on the screen. The transparency of the film's phobias are its strength and saving grace.

Of course the plot goes off the rails: the plot is about *going* off the rails. Of course, after its teasingly plausible early scenes at cocktail parties or board meetings, in the family kitchen or the love-nest kitchen (our adulterers' first couple in pants-down, stand-up passion atop the sink), the trapdoors to hell start to open. Indeed hell is where the movie explicitly locates Miss Close: the door to her swish little pad opening off a street hung with meat carcases, which steam in redder and more reeking menace each time we re-see them.

Badly made, this film could have been a cackhanded shocker, barrelling towards its cluster of knock-em-in-the-eye climaxes (a pet rabbit boiled in a pan, a rollercoaster ride, a midnight knife attack). But on its pop-guignol level it is brilliantly made. How many routine thrillers would boast a scene as hauntingly oddball as that in which Miss Close – after early rejection by Mr Douglas – sits dazed, frayed and silent in her flat, dressed in a white night-dress like a patient's smock, flicking on and off a lamp-switch while Puccini keens from the gramophone?

How many routine thrillers, come to that, would boast Miss Close? The true vindication of *Fatal Attraction's* power is that, as she takes every step along the path from reason to madness. For madness is dormant in her edgy, flickery sexual come-on act. And reason is still vestigial in the crazed logic with which she pursues her passion all the way to the grave.

The furore around *Fatal Attraction* has raised an important issue. There is a censorship by wrong-thinking people which we can all condemn. But there is also a censorship, or a form of militant censure, by right-thinking people: less easy to condemn and thereby perhaps more dangerous. But however politicised the relationship *between the sexes* may be at any time – and it is heavily politicised today – we should never censor each other's nightmares. Men and women should both be allowed to scream their heads off about the other sex, however rabid or partisan those screams may seem. The cinema is still the best arena for a collective, therapeutic shriek – and if necessary for an answering counter-shriek. A cinema of ideological self-restraint is a cinema of self-deception or silence.

★

No Way Out is another American thriller powered, this time more dimly, by sexual infidelity. Updating Kenneth Fearing's novel The Big Clock (which spawned the 1948 Laughton-Milland film), Robert Garland's script pits whiter-than-white naval careerist Kevin Costner against greyer-than-grey (morally speaking) Defence Secretary Gene Hackman. Hired as Hackman's right-hand man, Costner is kept in the dark as to whet the left hand is doing (shady arms deals and CIA trade-offs). And when he also has the misfortune to fall in love with Hackman'n mistress (Sean Young), their affair leads to her murder.

Whodunnit? Well, Hackman dunnit. That is no secret. The question is: will Costner be framed for the deed, or can he discover and dish the dirt on Hackman first?

Directed by Roger Donaldson (of *The Bounty* and *Marie*), the film bowls along with tolerable brio: except in those moments when it pauses for breath and we realise there are implausibilities and foolishnesses you could drive a truck through. Foolishness number one: how can we believe Hackman's affair with Miss Young is a well-kept secret when at every Washington reception they are telegraphing *oeillades* at each other across the crowded room? Foolishness number two: why do top-secret assassins in Hollywood films (like the two dispatched to kili Costner by Hackman) always insist on chasing their quarry in broad daylight across every major thoroughfare in town?

And there are other follies. But when not giving one pause for fatal reflection, the film is sleekly staged, well acted and – by the late, great British cameraman John Alcott – snperbly shot in a Washington of white, mendacious lustre.

★

In *The Glass Menagerie*, directed by her husband Paul Newman, Joanne Woodward goes at the part of Amanda like a starving person let loose on e six-course meal. Those flying blurs you see in mid-air are the bones she is throwing over her shoulder. That high polyphonic squeaking sound, as of china plates being scraped for their *last scraps of notrishment, is* her Southern accent.

Tennessee Williams'n Missouri materfamilias is a trifle dotty even as written. But Woodward has e high and winning time turning the screw on a screwy lady. Her performance, like the whole film, is a surprising triumph. Newman directs this unashamedly confined screen version as if the four walls were a saucepan in which three lives were being slowly cooked. John Malkovitch's Jim is e dreamer trapped in someone else's high-temperature dream (his mother's). And Karen Allen's crippled daughter knows she will never be able to lift the lid off and climb out: however many "gentlemen callers" her mother arranges to rap politely on the side from time to time.

Photographed with rapt and darkling grace by Michael Ballhaus (formerly Fassbinder's cameraman) and directed with self-effacing skill by Newman, this could be the best Williams movie since the best one of all: *A Streetcar Named Desire*.

★

Tough Guys Don't Dance could do with some self-effacement. Indeed one is surprised it had the temerity to get made at all. Norman Mailer adapted his novel into a screenplay and then, O fatal day, directed it himself. The movie comes oo like a remake of *The Big Sleep*, directed by a drunk on Halloween night. Bodies thud: dames squeal: bad Southern accents abound. (Incidentally, *why* all these Southern accents in Provincetown, Massachusetts.

Meanwhile the dialogue has been to the Tennessee Williams school for wacky periphrasis: "I am so wrong for this kind of imbroglio" and the like.

Ryan O'Neal, Isabella Rossellini and others stagger bravely through. But the film only improves in the last five minutes when – witb the hero dumping the movie's entire supply of dead bodies off his boat one by one, to the strains of "Land of Hope and Glory" – Mailer seems at last to have realised that laughter is the best way out.

Glenn Close and Michael Douglas in "Fatal Attraction"

Endless Parade/Barbican Hall

Max Loppert

"Endless Parade" is the subtitle of the BBC's short Harrison Birtwistle Festival, which ended with Wednesday's BBC Symphony Orchestra concert conducted by Peter Eotvos. It is also the name of the new Birtwistle work for trumpet and orchestra, first given in Zurich last May, which was introduced to Britain on this occasion by the soloist for whom it had been composed, Hakan Hardenberger.

As Andrew Clements' programme note justly pointed out, this is a title relevant to a good deal more of Birtwistle's works than only the brilliant and exhilarating one to which it is actually attached. In much of Birtwistle's mature music (such as, for example, the recent, massive, balefully magnificent *Earth Dances*, which filled up the secood half), the listener seems to be a witness to infinite sequences of events paraded before him, eventually broken off almost arbitrarily, and of whose predetermined overall patterns he has never had any more than an intimation. This *ability to create* a musical vision multifarious in substance and large lo scale, to which the listening "eye" must repeatedly be returned during the course of the unfolding for glimpses of the same subject matter from new vantage points, is what gives Birtwistle's music its et times overwhelming sense of many-layered richness, its impression of depths impossible to sound fully at a single hearing.

All these feetures, and the tingling rhythmic energy supplying the parade with its motoric power, are shared by more than one Birtwistle work of the last decade. What is new, and quite wonderfully special, about *Endless Parade* itself is the bright glitter of its sound-images (with e feeling of sensuousness afforded by the recurrence of thirds in the trumpet line), and the Mediterranean clean cut of its treatment of musical light and shade (a sight of the Italian city of Lucca is supposed to have provided its initial inspiration). Where *Earth Dances* lurches and lours in a spirit of Northern grimness, everything here is light, and sharply defined. The support for the solo trumpet is provided by strings and n vibraphone which lends both soloists and string ensemble a warmly patinated shimmer.

Endless Parade is the first Birtwistle work to feature a dominant solo instrumental part since *Melencolia 1* (1976, for clarinet). The two works are apparently intended as obverse faces of the same subject-matter, and were definitely set in motion by the particular virtuosity of their original soloists. The clarinet piece (for Alan Hacker) *ruminated* broodingly; the trumpet piece, which exploits to the full the extraordinary range, speed, and tonal brilliance of the young Swede, abounds in colour contrasts and teeming vitality of dramatic iocident. The alternations of scintillating fast sections, with the trumpet skittering along in fast staccato outburst, and quietly contained slow ones provide the whole piece with a deeply satisfying shapeliness that one appreciates even after a only single hearing.

I was put in mind, no doubt quite fancifully and irresponsibly, of the opening sequences of Fellini's *8½*, with its exuberant parade of faces, and of the many richly subtle and "simultaneous" ways the film director returned to the same subject during its subsequent sequences. But whatever images and similarities *Endless Parade* may stir up in the individual listener, there is no doubt thet it is one of Birtwistle's most *immedietely* appealing and accessible compositions, and that Mr Hardenberger is its ideal exponent.

Easy Virtue/Kings Head

Michael Coveney

Noel Coward's *Easy Virtue* may have disappeared for over 60 years, but this neat, tart and entertaining revival at the Kings Head is a real eye-opener. Written in a rush immediately after *Hay Fever*, the play is a fascinating blend of the country house ill-manners of that famous piece (Jacky Coryton, the glum flapper, is fleetingly referred to as a friend of young Hilda in this play) and the late Victorian problem drama.

Coward set out to achieve the tone and plot of a Pinero play but ends up with something all his own. A woman with a past like the second Mrs Tanqueray failed to live down her torpid reputation and died in disgrace offstage. Larita Whittaker, divorced and flamboyant with it, rises above the dull respectability of a weekend party and walks out of her hasty marriage to the hostess's son.

The critical reception to this play was unfriendly, George Jean Nathan dubbing it an "ancient whangdoodle" (the premiere was in New York). In fact, the piece is nothing like Pinero. It aspires towards the revolutionary expressionism of *Semi-Monde* two years later, in 1926. And preserves a surface decorum. Larita is a critical scythe whose life is best led in Venice or Cannes and at high pace. We see her pay the price for marrying above and outside herself, and to someone beneath contempt.

Coward's dialogue takes off when she meets the kindred spirit of Charles Burleigh (Eric Carte) and they litanise a mutual acquaintance of characters we shall never see. In a later encounter they celebrate their sort of minds which lead to them "watching ourselves go by," thus prefiguring Garry Essendine and all the great Cowardian galere to which Larita undoubtedly belongs.

The writing always tenses up in Coward when people are using tittle-tattle to avoid real conversation. The callow groom John (John Michie) has a similarly powerful encounter with the fiancee he has ditched, Sarah Hurst (Julie Dawn Cole).

Coward's first Sarah, Joyce Carey, was in the audience last night, a sprightly and delighted 90 year-old. Her presence somehow testified to the life in this play, and the continuing fascination Coward exerts on new audiences.

Ganging up on the nores was a perennial theme in Coward, and his lasting appeal lies in his alien obstreperousness. The great moment here is Larita's third act entrance at the ball from which she has been banned after being uncovered as someone who appeared in the papers after a lover committed suicide. She also reads Proust and is stuck into "Sodom and Gomorrah." Jane How, svelte and disdainful, appears in a shimmering backless gown, carrying the stipulated red ostrich feather and an armful of jewellery.

The staging in this impossibly intimate arena avoids any awkward embarrassment. The snippets and gobbets of party chatter have been beautifully managed and Larita strikes Avril Angers'n censorious but deliciously low-key Mrs Whittaker amidships with frank explanations. Nor is the production afraid to give free rein to the older, hypocritical daughter (Miranda Kingsley is a riot of gauche and clumping suburban indignation). Her spirited, vengeful sibling is given the full breathy pop-eyed works by Lois Harvey, making a good debut.

Forgetting the models, the play is about a relationship forged in a champagne leisure atmosphere that evaporates in the Home Counties. Living in subservience to expectations, the paternal Colonel Whittaker, a nicely judged elderly performance – his first? – by Ronnie Stevens, explains why Coward never wrote the speech he owes his meddlesome wife. All opposition has been sadly absorbed in a savagely sarcastic drawing room manner.

But Larita will bloom in other climes, and Jane How plays her progression from willing house guest to scathingly uncompromised critic with e fine and stealthy *hauteur*. She escapes "the insular hide-bound set" but not before ensuring e possible future for Sarah and John. She landed like a stone in a pond and set np the ripples. The water closes once more, but not over her. She's flying free.

Graham Wynne's design of baronial panelling perfectly sums up the drear country life style, and the costumes of Tim Heywood are miraculous, even allowing for my astonishment at seeing so many costumes on so many people on so small a stage.

Eric Carte and Jane How — Alastair Muir

Hours by the Window

Martin Hoyle

The 55-minnte *memento mori* at Chelsea's Man in the Moon theatre pub in the World's End packs in so much information that it comes over as a dramatised documentary, yet paradoxically leaves a question mark about its main character. The aquiline-featured invalid is dying. Two women argue about following his example. These are his wife and her younger, idealistic self, recalling a suicide pact. The man stirs, nags his wife for the medicine that will bring release. She delays ("we said we'd wait until dark"). The action flashes back and forth in an attempt to explain the double deaths in 1983 of Arthur and Cynthia Koestler. We are left with a curriculum vitae, or possibly mortis, bnt not much human insight.

This, I suspect, stems from the author Margaret Douglas's reinctance to admit that the respected intellectual was an emotional bully. Not always knowingly and often with deep regret, as when he remembers his first wife (played with bright charm by Belinda Adye) whom he forced, among other things, to live on e damp island despite the asthma that would eventually kill ber. Part of the syndrome consists of getting on better with animals than people, and the Koestlers even gave their dogs human names. (Only the bitterest Liberal rebel could remain unstartled at the opening intelligence that "David has been put down by the vet.")

Penny Stokes' direction switches between past and present, France, America and Britain, with successful fluidity on the small acting area (lighting consultant: John Farquhar-Smith). Both old and young embodiments of the couple are freqnently on stage together but the action is never cluttered. Only the writing is over-eager to inform. Hiring the young Cynthia as secretary, Arthur rattles off his friends – Sartre, Simone, Camus ("why did I hit him thet time?") – with a quick precis of why his anti-communism has branded him a fascist hyena among the French intelligentsia. A familiar picture emerges of the impassioned humanitarian who lacks human warmth, a campaigner for life and liberty without the gift of empathy.

Deciding on suicide, the older, cancer-ridden Koestler (Peter Miles, faintly resembling the portrait of the aged, blind Delius) recaptures the tranquillity he felt when under sentence of death in the Spanish Civil War, while Cynthia has to stiffen her own resolntion. Despite some stilted intonation the story still intrigues. The high spots are there, but not the linking terrain; and neither author nor cast, not even Geoffrey Harris's personable younger Koestler, rises to the theatrical challenge of convincing us that someone on stage is a genius.

Jacqueline du Pre

A Thanksgiving Ceremony for the life of Jacqueline du Pre will take place on January 26, her birthday, at 2 pm at Central Hall, Westminster. There will be tributes by Daniel Barenboim and Dame Janet Baker, Joanna David, Zubin Mehta and Janet Suzman.

La Fille mal gardee

Clement Crisp

La Fille mal gardee was joyously performed on Wednesday by Sadler's Wells Royal Ballet. The sense of happiness engendered by the cast, the involvement of everyone on stage in the pastoral delights of the action, the feeling that the story mattered to them and that they savoured its unaffected charm quite as moch as we did, made for uoalloyed pleasure – on both sides of Sadler's Wells the proscenium arch, it seems. And this quality of whole-hearted involvement in a production is surely the best indication of the SWRB style: the life of their repertory is ensured by the energy – physical and spiritual – which they give to it.

Leading the cast were Sandra Madgwick as Lise and Iain Webb as Colas. Both are easy, natural players, their every action fresh, their reaction to the drama as lively as their response to the choreography. So their love story sparkles, and coovinces us; and their curvettings and bounding steps look no less buoyant and full of the spring-time radiance of their youthful passion. Yet the lightness of their acting and dancing is never flimsy: there are depths of feeling, and surenesses of technique to sustain the pleasures of their interpretations. They make, in sum, an irresistible couple, and the ballet reflects this in its air of happiness.

Michael O'Hare was the Widow Simone of the evening. This week's run of performances marks what I imagine is a uniqne treble, in that the very gifted Mr O'Hare is also to be seen as Colas and as Alain. His Simone is a merry old body, less snappisb than some, though plainly aware that she has a handful to cope with in Miss Madgwick's Lise. But cope she can, and make us laugh as she does so, and amid the bustle and bright glances of Mr. O'Hare's presentation, we understand the good humour and good sense of the reading.

From David Morse a view of Alain that is sensitive to the character's pathos: here is a simpleton ever eager to please, end all the more engaging because of his gentle nature. And from Alain Dubreuil ss the Notary, proof yet again that there are no small roles, only small artists: Mr Dubreuil in something less than a minute makes the part real and fascinating. Barry Wordsworth inspired a spanking account of the score from the SWRB orcbestra. Sainsbury's sponsored this season, as many others by the company, and have put us even further in tbeir debt.

L'infedelta delusa/Elizabeth Hall

Richard Fairman

This was e concert performance on authentic instruments – a potentially valoable event in the rediscovery of Haydn as a composer of operas, so long as *there is a lack of suitable* theatres to put his works back on the stage. *L'infedelta delusa* is generally reckoned to be one of the composer's most successful dramatic works and its tautness and vitality can be appreciated even when the piece is in the concert-hall.

The orchestral writing is as lively as any of the symphonies written during the same period. Oo Wednesday oight the playing of the Orchestra of the Age of Enlightenmeot under Sigiswald Kuijken made it as iovigorating as one might expect these personnel would (every orchestra of original instruments in London seems to share the same players) and the autheotic souod was a real bonus: tensile strings and dominant, if accideot-prone, horns.

Indeed, the advantages that should accrue from performing classical operas with the right sense of scale and style are so self-evident that it seems strange they have yet to benefit fully from the authentic movement. Whether in live performances or on record, the problem has always been the epparent need to have singers who sound pretty but not much else, as though being dramatically bland is in some way appropriate.

To be fair, there were signs of life from the two most familiar eingers here. Stephen Varcoe can generally be relied opon to give any text he sings verbal bite, and he managed to impart e distinct personality to the role of the peasant Nanni despite having few solo opportunities. Most of the arias fell to Nancy Argenta and only the moments of caricature in them came across with any dramatic interest, beautifully though she sang in each.

The other voices – Markus Schafer as the farmer Nencio, Lena Lootens and Christoph Pregardien as Sandrina and her father – were typically young and fresh, while giving only passing evidence that they had the experience to put Haydn's sharp comedy across. There is e golden opportnnity waiting here for somebody to show us that authentic singers can be as stimulating as authentic instruments. This, sadly, was not the performance to do it.

Arts news in brief ...

There will be a royal gala performance of the musical South Pacific starring Gemma Craven at the Prince of Wales theatre on January 19, organised by the Royal London Society for the Blind in conjunction with the Park Lane Group. Princess Margaret will attend.

★

The French jazz violinist Stephane Grappelli celebrates his 80th birthday on Tuesday January 26 and will be *performing* that day in concert in London at the Barbican Hall.

Among those appearing with him will be singer Marian Montgomery, pianist Laurie Holloway, guitarists Marc Fosset and Martin Taylor and special guest Sir Yehudi Menuhin.

The concert starts at 7.45pm.

★

The "Raise the Roof" Ball, which was held in the ballet rehearsal studios at the Royal Opera House on December 21, has raised over £10,000 for the Royal Opera House's Development Appeal.

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Friday January 15 1988

No need for subsidies

INWARD investment has long played a key role in regional policy in Britain. It has also absorbed large amounts of taxpayers' money, as successive governments have engaged enthusiastically in the competitive race to subsidise internationally mobile projects.

On the face of it, inward investment looks ripe for reconsideration – particularly from a Secretary of State for Trade and Industry like Lord Young, who believes that investment decisions are best left to businessmen. Why has it escaped a more radical review in this week's white paper on the role and policies of his department?

The case that the white paper makes for inward investment is scarcely controversial. Apart from the Government's overall commitment to open markets, there are two main planks to the argument. The first concerns the example set by inward investors to businessmen in the domestic economy, in terms of innovation, management practice and the beneficial effect on domestic suppliers. The second asserts that inward investment is a valuable way of building the strength of the economy.

Old mistakes

This is fine up to a point; but if such investment is brought in with the help of government subsidies, it is questionable whether the economy will be strengthened in the way that politicians assume.

The white paper makes clear that internationally mobile investment projects will continue to meet the criteria for regional selective assistance, under which the claimant has to convince officials that the project would not go ahead without public funds. That inevitably means that the investment projects in question will tend to be marginal.

The period in the early 1980s when sterling was substantially overvalued left a suspicion that subsidised investment of this kind is more than usually vulnerable to changes of heart in the foreign head office. Such a policy risks perpetuating, in an international dimension, all the old mistakes of British regional policy that Lord Young is otherwise anxious to avoid.

Nor should the benefits that inward investment brings in terms of innovation, work practices and management in the host economy be seen in isolation. There are off-setting costs, in the shape of the adverse impact on unsubsidised domestic competitors of subsidised foreign business, including the effect on employment.

Lord Young's case for continuing with subsidies for inwsrd investment is pragmatic: if everyone else is doing it, Britain cannot afford to abstain. Yet the logic of a level playing field is deceptive. If other countries are distorting their economies by subsidising sub-optimal investments, why should Britain handicap itself by doing the same?

Massive incentives

Within the European Community probably Ireland has been the most generous to inward investment, but its performance is hardly an advertisement for the policy. In the developing world massive incentives to inward investment are common, the classic package being a combination of protection and investment subsidies.

In the UK, too, many of the subsidised foreign firms benefit from protection, often having come into the country just to jump over protective barriers. The cases of motor vehicles, of televisions and of video-cassette recorders come to mind. The danger is that the profits "earned" by the investor represent no more than transfers from domestic consumers and taxpayers. Those transfers will ultimately be expatriated and so lost to the UK.

To justify the incentives, therefore, one has to be sure that the positive spin-off effects on the domestic economy offset these certain losses.

Within the community Britain has numerous advantages as a host for inward investment without resorting to subsidies. In the absence of a more radical approach, it would do no harm if Lord Young's department exercised its discretion with the meanness of Scrooge.

Taiwan and the world community

AS THE Year of the Dragon approaches, a traditionslly unpredictable period in the Chinese calendar, Taiwan loses its leader, ending the Chiang family domination of one of Asia's most remarkable "Little Tigers" since its separation from mainland China in 1949.

The last Year of the Dragon was suitably turbulent; Mao Tse Tung died on the mainland and the Gang of Four was arrested. But unease following the death in Taipei of President Chiang Ching-kuo will extend beyond traditional Chinese superstitions. The Government of this island enclave of 20m, still officially a province of China, is facing difficult challenges, both domestic and external.

Chiang Kai-Shek's authoritarian Kuomintang Party presided sternly over one of this century's more spectacular economic success stories. Yet Taiwan has been persistently tardy in its willingness to liberalise either its markets or its political structures; recently there has been some significant movement on the latter but not nearly enough on the former. The key question about Lee Teng-hui, the new president, is whether he has the political weight necessary both to expand personal freedoms and to liberalise the economy.

Lee, who was born in Taiwan, personifies the new "kaiming" (open-mindedness), Taiwan's equivalent of Deng Xiaoping's open-door policies and Mikhail Gorbachev's "glasnost." It was Chiang himself who started the process last July, by lifting martial law. Since then, progress has been made on freedom of political association and the right to form new political parties. Fetters on the press have been loosened and foreign exchange restrictions relaxed.

The improvements were given most poignancy by the agreement between Peking and Taipei towards the end of last year which allowed the first visits by Taiwanese to relatives on the mainland for 38 years.

Having resolved the Hong Kong and Macau colonial problems by devising a "one nation-two systems" formula, Peking is now anxious for Taiwan to return to the fold. The reluctance of the Taiwanese is easily understood. Their per capita income increased four-fold to £2,500 between 1979 and 1986, about 10 times the level of China. Foreign currency reserves of $75bn (second only to Japan) and an inexorably rising payments surplus have been achieved by export-driven economic policies.

Yet for all Taiwan's economic achievements, there is no room for complacency. Pressure for higher living standards among the working population and for greater political freedom seems inevitable, as it became in South Korea. At the same time Taiwan needa a greater degree of integration into the world community and a restoration of the diplomatic links lost when a succession of states followed the US into recognising the Peking administration at the expense of Taipei.

Trade may prove a key lever here. A more liberal import policy and the dismantling of some of the excessively restrictive trade barriers, coupled with investment and aid ventures in some of Asia's less prosperous countries, would do much to ease international antagonism towards Taiwan.

Ian Davidson assesses France's electoral prospects – with or without the President

Mitterrand in the hall of mirrors

The front runner, President Mitterrand, and a leading challenger, Jacques Chirac

FRANCOIS MITTERRAND is driving them all mad. Will he stand for re-election in this spring's presidential election? Or won't he? He does not say.

Everyone knows that he is the left's strongest potential candidate; but not merely has he repeatedly refused to say whether he is standing for a second term or not, he has deliberately teased opponents and allies alike by keeping open the doubt. Whenever he appears in public, whenever he meets the press, he elliptically and ironically toys with the many valid reasons which might tempt him to choose a quieter and more contemplative life. He is, after all, 71.

In the last few days, the irritation effect of the Mitterrand ploy has started to get under the skin of his right-wing opponents. A week ago, Mr Edouard Balladur, the Finance Minister (a close associate of Mr Jacques Chirac, the Prime Minister, nick-named The Archbishop for his episcopalian suavity), gave vent on television to an uncharacteristic display of impatience with the long game of cat and mouse.

He called on President Mitterrand to say whether he is or is not a candidate, and went so far as to describe the Mitterrand tactic of ambiguity as "a bit tiresome" (*un peu lassant*). He also urged Mr Chirac to declare his candidacy at the earliest possible moment.

The second of these wishes will shortly be gratified: Mr Charles Pasqua, Interior Minister and one of the leading barons of the neo-Gaullist party, Rassemblement Pour la Republique, says Mr Chirac will declare before the RPR convention on January 24 and the latest rumour says it could be as early as Monday. But still there is no sign of a decision from Mr Mitterrand.

The perversity of the situation is that Mr Chirac's declaration will change nothing substantial on the political scene, since everyone has long known he will stand; whereas President Mitterrand's reticence represents not just the most important, but the only significant unknown about the election running order.

Yet the paradox is that the President's ambiguity, which once caused a parallel anxiety on the left, now seems to be infusing the mainstream Socialist Party leadership with a spirit of calm cheerfulness. Those who were once most anxious for reassurance that he would stand again now affect to draw the most reassuring conclusions from his silence.

If Mr Mitterrand were to decide not to stand, said Mr Lionel Jospin, First Secretary of the Socialist Party in a recent radio interview, he should say so "early enough". But if he is standing, he does not need to say so in public just yet. Similarly, Mr Pierre Beregovoy, former Socialist Finance Minister, argued on television that Mr Mitterrand should not engage "too quickly" in the electoral battle.

The Socialist leadership's calculation seems to be based on two factors: their reading of Francois Mitterrand's character and their overriding need of him as their only possible champion.

Certainly the President appears full of vitality and in his recent travels he has displayed stamina remarkable for a man of his age. Moreover, for all that he may affect to be tempted by the attractions of a life of quiet retirement and literary contemplation, he gives every sign of intense commitment to the policy aspects of his role, especially in defence and foreign affairs.

During the past seven years, he has managed to bring off the combination of a rapprochement of French foreign and defence policy with the rest of Europe, and more especially with West Germany, with a strengthening of France's commitment to the Atlantic Alliance, yet without apparently challenging the inheritance of Gaullist orthodoxy, and above all without breaking the popular French consensus. It has been a truly brilliant performance.

But wishful thinking is no doubt an even stronger element in the Socialist Party's calculations. Month in and month out, with great consistency, public opinion polls have been putting Mr Mitterrand well ahead of any other possible candidate; not by enough (more than 50 per cent of the votes) to win outright in the first round of voting, but always by enough to win convincingly in a second round against the runner-up.

The ranking of the other leading candidates, however, appears to have changed in two important respects. During the second half of last year, Mr Mitterrand's most serious opponent seemed likely to be, not Mr Chirac, but Raymond Barre, the rotund former Prime Minister under President Valery Giscard d'Estaing, increasingly identified as the champion of the centrist parties in the government coalition. It appeared that if Mr Mitterrand, Mr Barre and Mr Chirac stood, the most likely run-off would be between Mr Mitterrand and Mr Barre with victory going to the former.

The President's ambiguity is infusing the Socialist Party with calm cheerfulness

However, Mr Chirac seems to have narrowed the gap with Mr Barre. The most recent Harris poll published in L'Express newspaper gives Mr Mitterrand 38 per cent, Mr Barre 22 and Mr Chirac 20 in a first round. If Mr Chirac is to have a chance of winning, he must finish ahead of Mr Barre in that round.

The second shift to emerge is that Mr Mitterrand is the left's only plausible champion. During the second half of last year, Mr Michel Rocard, former Socialist Agriculture Minister and semi-declared rival of Mr Mitterrand, seemed to be in the running: if Mr Mitterrand did not stand, Mr Rocard would be beaten in a run-off against Mr Barre, but he might win against Mr Chirac. The latest figures suggest that if Mr Rocard were the Socialist candidate, he might have a paper-thin lead in the first round, but would be beaten by either Mr Barre or Mr Chirac in the second.

It remains possible that Mr Mitterrand has not taken a final decision. In a recent straw poll of prominent figures who claim to know him well, published in Figaro Magazine, some predicted that he would stand and some that he would not, but none claimed to know for certain.

But even if he has not yet made up his mind, every day that passes makes it more difficult for him to decide not to stand. Mr Jospin claims that the Socialist Party needs no more than eight days to nominate a candidate, but that is whistling in the dark. The question is not whether the party would have time to nominate a candidate, but whether it could nominate a candidate with a ghost of a chance.

Mr Rocard is, in any case, not the only conceivable alternative. Mr Jean-Pierre Chevenement, former Minister of Education, claims to be holding himself in readiness for the race, but some leading Socialists dismiss as negligible his chances of representing the party and speculate that the choice might eventually fall on Mr Laurent Fabius, a former Prime Minister. But none of these names looks like a winner in present circumstances.

The Socialist Party's working assumptions must therefore be that, so long as the opinion polls seem to give him victory, Mr Mitterrand will eventually decide to stand again, and that his chances of winning will be improved by not *declaring too soon*. Once he declares his candidacy, he becomes more of a partisan of the left, but *until that* moment, he retains a certain aloofness as the President of all Frenchmen and can affect to stay above the fray.

The question is in what sense would Mr Mitterrand be a partisan of the left? Part of the answer will be provided this weekend when the Socialist Party holds a national convention to adopt a new party platform drawn up by the Mitterrandist mainstream.

This wordy document – it runs to 75 pages, followed by 12 pages of amendments – is a far cry from the *fervent left-wing self-confidence* which preceded the Socialists' conquest of power in 1981 and led to their heady programme of nationalisations, social reform and the dash for growth of the following two years. In its place we have an eminently cautious programme, which talks much of justice and democracy, but scrupulously avoids promises of dramatic Socialist innovations.

Would the party renationalise companies privatised by the Chirac Government? The programme gives a pragmatic answer: the *nationalisations of 1981 performed* a useful function and, in future, companies should be able to join or leave the public sector according to practical requirements. Growth is essential to reduce unemployment, but the unilateral dash for growth was halted by balance of payments constraints, so this time the party advocates a co-ordinated European growth strategy. In short, the socialism of this Socialist Party has become a much more dilute affair, recognising that France is, after all, only a *middle-size European country*, the future of which is largely defined by the effectiveness of its co-operation with its European neighbours.

On the basis of partial returns from the party's federal conventions, there seems no doubt that this main text will be *adopted* by a large majority. But it also seems clear from the votes of support for the rival amendments, put forward by Mr Pierre Chevenement and Mr Jean Poperen, that there is unhappiness among some of the militants at the dilution of Socialist dogma.

Mr Chevenement is advocating a European growth strategy, but based on European protectionism, with the threat to take France out of the European Monetary System if the other European countries disagree. Mr Poperen, No 2 in the party until a year ago, has called for the negotiation of a binding social contract between unions, employers and the state to govern *investment, jobs, wages and training*.

Neither has more than symbolic importance. But the second Poperen amendment, in which he calls for the antomatic dissolution of the National Assembly after the presidential election, raises a more interesting question: is France facing a presidential election, or is it facing a presidential election followed by a general election?

The most plausible answer is that it all depends on who wins and by *how much*. Mr Barre has declared that he definitely would call general elections if elected; Mr Chirac that he definitely would not; on behalf of Mr Mitterrand, the Socialist Party prefers to remain uncommitted.

Yet the odds are that a convincing win by any one of them would lead to new elections: Mr Barre to reinforce his position against the neo-Gaullists; Mr Chirac to enlarge his narrow majority; and Mr Mitterrand to seek a working majority, either of the left or of the centre-left. In any event, it would be difficult, after the prospective slanging match of the presidential election, for Mr. Mitterrand to soldier on with a right-wing government in a continuation of the past two years of "cohabitation".

France seems both mesmerised and exhausted by a presidential election campaign which already seems interminable, and in which solid policy debate comes a poor second to personality posturing and media manoeuvring. The worst of it is that the struggle is liable to continue not only until the presidential elections in May, but for a further stretch thereafter.

OBSERVER

No longer the Boy David

■A few points abont David Steel who must be on his way out as leader of the Liberal Party.

He has been at times an extremely lucky man. He has made some inspiring speeches. He was also ambitious and can be ruthless. More recently he has been suffering from indecisiveness.

The luck came at the beginning when as the youngest MP, having entered Parliament through a by-election, he drew top place in the ballot for Private Members' Bills. He was uncertain whether to go for reform of the abortion laws or homosexuality. He consulted the Home Secretary of the time, a man called Roy Jenkins, who advised him to choose abortion. Thus began a pregnant relationship.

His best speeches were made not in the House of Commons, where he never really shone, but at the annual Liberal Assembly after he became party leader in 1976. Re-read now, they still come out as a clarion call for the realignment of the centre left. They are a chronicle of a decade.

His ruthlessness emerged when be rounded on the same Roy Jenkins during the general election of 1983 for being an ineffective leader of the Liberal SDP Alliance. He did so by calling a summit meeting at his home in Ettrick Bridge, just on the Scottish side of the border. That place has always been important to him. Even pilots sometimes point it out to passengers when flying from London to Edinburgh. Steel is known to everyone for miles around, almost like an old lord.

Ruthlessness and ambition csme out again immediately after the general election last year when Steel called for a full merger between the Liberals and the Social Democrats almost without having analysed the election results, which were actually not all that bad for the Alliance.

David Owen, the SDP leader, had never wanted the merger in the first place and temporarily opted out of the fight. Owen is perhaps the short-term gainer, since his own band of Social Democrats is still intact. The real gainer, however, should be Neil Kinnock's Labour Party. If it cannot take advantage of the present Liberal-SDP mess, it will be unable to take advantage of anything.

As for Steel, possibly he acted after the last election more out of frustration than anger. He had been promising a breakthrough for so long that he could not bear to see it postponed once more. That is why he is an unlikely leader of whatever may rise from the ashes.

In his heart I think that he knew that last autumn, but could not bring himself to make up his mind. Although not averse to bright lights, his real loves have always seemed to me to be the open spaces of the border country and Africa, where he was partly brought up.

"Maybe we'd stand a better chance of getting a grant from Lord Young than the Arts' Council."

Salomon's troubles

■Rumours of takeovers and palace coops swirled around Salomon Brothers yesterday as management handed out slimline bonuses for the past, troubled year.

Rumbles of discontent, issuing forth from employees of the Wall Street giant for many months, had been growing louder as the annual day of reckoning approached. By some analysts' calculations, the staff might be sharing a pot of only $50m against some $170m last year, following a year of damage to finances and morale from trading losses, rigorous restructuring and 800 firings running from the vice chairman, Lewis Ranieri, to the mail room.

Given the trials and tribulations, many staffers thought it appropriate that John Gutfreund, chairman, declined a bonus and is taking only his base salary of $300,000, deferred compensation of $800,000 and 300,000 Salomon stock options exercisable at $18.125, some $4 below yesterday's rumour-inflated price. He earned $3.2m in 1986.

He will feel the pinch, judging by recent magazine articles on his wife's spending habits. Susan, a 41-year-old former Pan Am stewardess and ex-wife of a wealthy Texan, has spent tens of millions of dollars refurbishing magnificent homes in New York and Paris since she married Gutfreund in 1981.

Although colleagues admire the way he turned the bond house into a major global securities firm, some blame him for its present difficulties. Few members of the intensely competitive Salomon world are prepared to give him much time to pull off a turn around.

Wrong place

■Polly Peck International, the trading group headed by Asil Nadir, has had to cope over the years with City qualms about the extent of its exposure to Turkey.

It showed yesterday, however, that there were limits to its familiarity when it announced that a first Pizza Hnt restaurant in Istanbul would be "followed by further restaurants in the Turkish capital and in other major centres such as Ankara, Izmir and Adana."

Cautious Tykes

■"There are few more impressive sights in the world than a Scotsman on the make," J M Barrie once observed. Had he been alive today, he might just have agreed that a Yorkshireman asked to part with his money is equally, if not more, impressive.

A case in point is the resolve among the Yorkshire Labour group of MPs to increase their influence in Parliament. There was hardly a murmur when each was asked to contribute £400 from their secretarial allowance to pay a public relations assistant. But come the day of reckoning only seven of the 31 had paid up.

Hnddersfield MP Barry Sheerman, one of those who did pay, said: "Half didn't reply to the suggestion and most of those who did sent back positive noes."

The blunt answer to a blunt question has led Sheerman to suggest a new attempt. He said: "I think we should give them a range of options and perhaps a range of contributions starting at £50, then see what we can afford." The MP for Rotherham, Stan Crowther, a past chairman of the group and another member of the munificent seven, said: "Personally I think we should give up on it. We are not getting anywhere. I spent more than 11 years trying to improve our identity, but it was difficult to drum up enthusiasm."

Dying fall

■Someone arrived at the Pearly Gates to be met by St Peter, who said: "You're being transformed into a mayfly. Have a good day."

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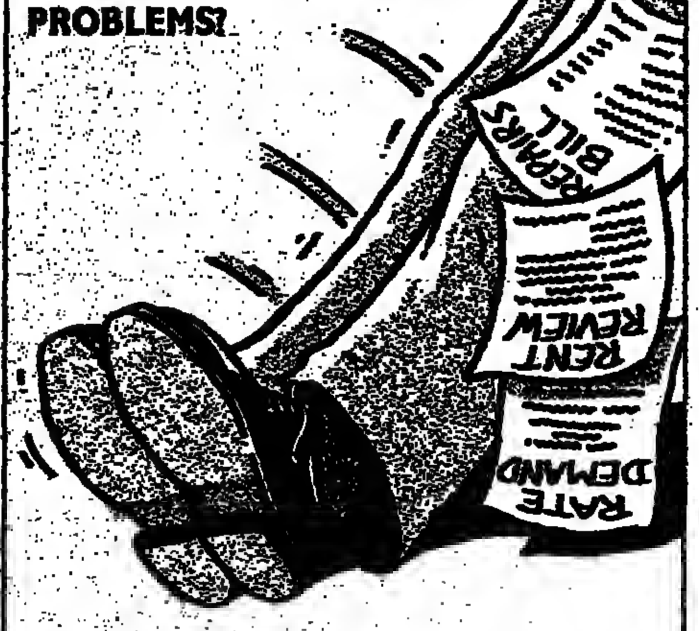

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Politics Today

The games politicians play with secrecy

By Joe Rogaly

I AM NOT supposed to tell you the name of the head of Britain's MI5, but you may recall that the head of the Soviet secret service is Viktor Chebrikov. We all know where his office is supposed to be. I should not say that "Six" exists, let alone who is running it, but I can tell you that the head of France's Direction Generale de la Securite Exterieure is General Francois Mermet, and that Hans-Georg Wieck runs West Germany's Bundesnachrichten Dienst. You can look up their published annual report for details about their domestic counter-espionage service, the Bundesamt fuer Verfassungschutz. And next time you are driving in to Washington DC from Dulles airport, turn your head as you whizz through Langley and note the front gate of the CIA; go to almost any public library and read all about it.

In London, do not bother to ask. Secrets are regarded with the unthinking enthusiasm of a gang of schoolchildren who have formed a private club. This Enid Blyton attitude to intelligence has been adopted by most British Governments, not least Mr Harold Wilson's last Labour administration. If the present Government looks more badly afflicted than its predecessors, that is perhaps because Mrs Margaret Thatcher, who failed to achieve an extremely illiberal reform of the Official Secrets Act in 1979, is possessed of a deep conviction that the less people know about the security services the better.

This conviction is shared by most Conservatives, including Mr Richard Shepherd, whose Protection of Official Information Bill is to be debated in the House of Commons this morning. Yet the Prime Minister has ordered a three-line Whip against a second reading, on the constitutionally questionable ground that such legislation is too important to be left to back-bench MPs.

Her Home Secretary, Mr Douglas Hurd, has promised a White Paper on the matter later this year, with an officially approved bill to follow shortly. As far as the Government is concerned, the Shepherd Bill is a nuisance which must be got out of the way; Mr Hurd is programmed to have an unpleasant Friday, if need be, in order to achieve that. The real debate is about what will be in his White Paper. That is not taking place in Parliament, but rather in Whitehall, and in a small committee of ministers chaired by Mrs Thatcher herself.

It runs as follows: first, a great deal of the heat generated over the past couple of years is the fault of the press, not the Government. It is Fleet Street and the broadcasting houses that are going over the top, not an officious administration. You might expect the likes of me to dissent from this, but let us pass quickly on.

Second, the Government believes that it still has no option but to pursue the newspapers that wish to publish extracts from Mr Peter Wright's book, Spycatcher, to the bitter end, even though many in Whitehall and not a few ministers would privately acknowledge that the effect of all the court cases has been to ensure that the book, and the contents thereof, have now become common currency in much of the world.

It is thought unlikely that a Law Lords judgment would go against the Attorney General (although if that happened it would be the end of the matter). There is, therefore, a strong inclination to gamble on the ultimate decision of the European Court at Strasbourg, to which some human rights cases go, since the Government might surprise everyone and win there, while even a defeat would take place so far in the future that the whole issue might have melted from the public consciousness.

Third, there must be no repetition of the Peter Wright fiasco. Mr Hurd's forthcoming bill will therefore almost certainly make it illegal to publish information emanating from any source within the security services. This would mean that even if a future ex-spy told all to the Sunday papers, the papers themselves would be in breach of the law if they printed what he said. Some officials would throw in a sweetener here and allow both "Five" and "Six" to have a public face, with their chiefs' names announced and their office addresses in the telephone book. The names of operatives would still remain secret. It is argued, sensibly, that morale might be improved and some of the press heat taken off if the services no longer had to endure the Secret Seven image.

Except for the last point, there is not at this stage a great deal of discernible dissent among those preparing the new bill. Even with Lords Denning and Scarman firing on all guns in the Upper House, it is believed, a tight little law designed to protect the security services themselves would be acceptable. The Strasbourg court would almost certainly take the same view, as it probably would over secrets whose breach would scupper criminal investigations.

There is also not much internal dissent over the principle of the next proposition, which is that a separate, but nevertheless effective, definition of security (different from that applying to the security services) should be applied to defence and foreign policy. The drafting difficulties that follow from this arise mainly from arguments about (a) what would get through the House of Lords and (b) what would be acceptable in Strasbourg. The state's need to protect some secrets in these areas is likely to be accepted by many Lords cross-benchers, but much depends upon the proposed manner of defining secrecy. The Government would gather support for this area of any new bill in proportion to the amount of information that it acknowledged to be non-secret.

In London, secrets are regarded with the unthinking enthusiasm of schoolchildren who have formed a private club

Most of Whitehall wants as much as possible of everything else to be super-secret too — which it thinks would be *grand* — but the further the Home Secretary goes in that direction (the economy? industrial policy?) the less acceptable his proposed legislation will be. At the same time the Strasbourg risks would be greatly increased.

It is here that a vital additional ingredient comes into the equation. The acceptability of any of the above will depend upon the proposed mechanism for keeping the executive in proper check. If ministers themselves are to decide what is to be secret, with no recourse to any outside body, then the House of Lords, the European Court and public opinion generally cannot be expected to accept that the new law is about security, as opposed to the prevention of discovery of government errors and misdemeanours.

Mr Shepherd's bill provides for an appeal to the Judicial Committee of the Privy Council, which would rule on whether a minister was right to classify a disputed document as secret on the ground that it would be damaging to the public interest to disclose it. There are other passable ways of skinning this particular cat: the House of Lords could be the arbiter, or a special judicial commissioner might do the job, on the precedent of the present arrangements for Lord Justice Lloyd to report to Parliament on whether procedures for allowing telephone tapping have been abused. (On a narrow definition of security, they have.)

As to whistle-blowing about abuses within MI5 and MI6, which is arguably where Peter Wright came in, the Lloyd precedent is again instructive. Last autumn the Government appointed Sir Philip Woodfield to the role of internal ombudsman to the secret services. To her credit, the Prime Minister announced this publicly, even acknowledging the existence of "Six", by referring to the Secret Intelligence Service. If Sir Philip's role had been created before Mr Wright retired, there might never have been a Spycatcher case. Yet Sir Philip remains a part of the executive; he does not stand apart from it, as Lord Justice Lloyd does on telephone tapping.

The Government would argue that this is not necessary, since the Security Commission looks into breaches of security (but that is not what the critics are on about), while there remain two further protections: the courts and the honest natures of the Prime Minister and the Home Secretary. As to the latter protection, the only response can be the one given when scrutinising the final clauses of a business contract: "Of course I trust you totally, but it's your successors I fear." A proper, external, review commissioner for the secret services might not sit well in Mr Hurd's bill, but the appointment of such a person would favourably influence the political climate.

It will be seen from this outline of the bones of what is being debated that there is a strong possibility that a bill will be drafted that will take restrictive powers beyond the bare needs of core security matters, and as far as acceptability to Parliament and the European Court will allow. Do not rejoice: that could make the Government more able to cover up its mistakes than it is now. Mrs Thatcher's gung-ho approach would probably fail, whereas Mr Hurd's relative subtlety might prevail. Then she and her chums would become *ever* so secret before long.

'No – it's the SECRET Seven,' said Margaret, firmly. 'The best Society in the world. Hurrah for the Secret Seven!'

Lombard

A barometer of happiness

By Michael Prowse

MRS THATCHER recently boasted that the UK was no longer known abroad for the "British disease" but for the "British cure". The comment was provoked by the statistics showing that the UK is now the most "dynamic" economy in Europe. The "disease" in question was Britain's long-running tendency to grow less fast than most other advanced capitalist countries. Ministerial focus on Britain's GNP performance is entirely characteristic. Thatcherism as a political ideology is almost exclusively concerned with economics and material wealth; the sort of words one keeps hearing are "efficiency," "productivity," "incentive" and "enterprise."

Yet it is questionable whether GNP is a good barometer of national well being. There has been a very substantial rise in national output since the mid-1960s; but is there any evidence that Britons on average are happier as a result? Much of the increase in material wealth represents the increase in number and sophistication of consumer durables. Is the average Dad happier now because he drives a Ford Sierra instead of Ford Cortina? Performance and comfort may be slightly improved, but so what? Are his children happier because they can play video games on a computer instead of cops-and-robbers in the garden? Is his wife happier because washing machines spin slightly faster?

Psychologists will testify to the lack of a close correlation between material comfort and happiness. They will also argue that a sense of well-being depends on a wide range of sociological factors. If these are taken into account, it is very far from obvious that we are better off now than in the mid-1960s.

There have been many adverse changes. Crime, for example, is much higher; this raises anxiety levels and implies that communities are less cohesive. Church attendance is markedly down, suggesting a withering of spiritual values. Environmental pollution is greater and much beautiful countryside has been lost forever. Regional divides are all but unbridgeable following the property price explosion in the south-east. Many public services appear to have deteriorated. Inequalities of all kinds, but especially in the distribution of jobs, have increased enormously, particularly in the 1980s.

All this suggests that the UK, on any broad socio-economic criteria, is more "diseased" today than in the past. Moreover, policies devoted to raising work-effort and the value of material production are not guaranteed to improve matters. Policy-makers clearly need to think less about narrow economic goals and more about ways to enhance the overall quality of life. They need to stop pretending that countries with higher per capita GNPs are necessarily better off.

A focus on the quality of life, rather than crude GNP, might entail some rather radical policy changes.

In the first place, it would require a willingness to emphasise the positive virtues of leisure and the need for shorter working hours and longer vacations. The Government could start by announcing an extra fortnight of public holidays: the UK has far too few by international standards or in comparison with its ever-growing stock of material goods. The new core curriculum for schools could include courses on the limitations of materialism as a philosophy of life.

Lastly, the Government might accept that social and economic equality is a goal worth pursuing for its own sake. Inequalities inevitably breed tension and unrest; they divide communities and lessen people's respect for each other. They run counter to a sense of natural justice. If more equality meant the sacrifice of a few extra consumer durables, it would be a price well worth paying.

Letters to the Editor

Hedging cannot go this far

From Mr Stephen Mobbs.

Sir, It is disappointing that even Anthony Harris believes "programme traders" and "high technology hedgers" are "guilty as charged" of causing the stock market crash. He argues (January 4) that "if half the market is hedged and can carry on as if nothing happened," prices need to move further to restore equilibrium.

It is logically impossible for half the market to be hedged. Although half the holders of stocks may have sold futures contracts to hedge their positions, other investors must have bought the futures contracts.

Anyway, the stability of the market in the event of a shock does not depend on some investors experiencing pain. Rather it depends on the demand for stocks increasing as their prices fall.

Portfolio insurers are "guilty as charged" because they sell stocks as the price falls. However, programme traders are innocent because the net demand for stocks and stock futures due to their activities is always zero.

Ironically, it is the behaviour of conventional traders that is more likely to increase market instability. This happened on Black Monday, as traders and investors holding leveraged long positions were forced to liquidate as the market fell, to contain their losses. By selling as the market fell they behaved like portfolio insurers.

Elementary economics tells us that markets with upward sloping demand curves will be unstable. Is this a necessary consequence of the activities of leveraged unhedged investors?

Stephen Mobbs,
62 Gibson Square, N1.

London may remain a minor exchange

From Mr J.H. Colegrave.

Sir, Before Big Bang, London was as good a market for securities as any in the world. It merely lacked, as it has done most alarmingly since the war, a sufficency of risk capital in the jobbing system.

This lack would have been corrected once and for all, and Big Bang would never have been necessary, if the recommendation of an *ad hoc* committee of the Stock Exchange Council had been accepted in the early 1960s. That recommendation was to the effect that before any outside capital could be brought into the jobbing system, the broking firms should be given the first opportunity of providing it.

Acceptance of that recommendation would have heralded the demise of single capacity, and a thoroughly workable system would have evolved through the twin guardians of necessity and experience.

We now have a hastily organised – and already failed – system of market makers. Having repeatedly claimed, as we have done over the years, that we have the best system in the world, we must now learn some lessons from America where the "specialist," in order to succeed, must prove that he has "jobbed" against the trend and not merely swum with it – and in circumstances where he cannot take refuge behind an unanswered telephone.

Until we have reorganised our affairs in such a way that we can deal in bulk not only in the shares of a few companies, but in most of those officially quoted, and at any time, we must be content to remain a minor exchange, and forget the pious hopes of only a year ago that London would become *the* most important securities centre of the world. Surely some of the lessons have already been learned the hard way, and it is not too late.

John Colegrave,
Tulls House,
Preston Candover,
Basingstoke, Hampshire.

Prosperous dictatorships do not reform

From Mr Avinash Persaud.

Sir, The Director General of the British Industrial Committee on South Africa, Mr Nick Mitchell, recognises the brutal nature of apartheid, but argues that recently some "reforms" have been made (Letters January 8). This does not imply that foreign investment is an agent for change in South Africa – as Mr Mitchell goes on to say it is. Rather, recent "reforms" highlight my point (Letters, December 23) that it is reduced foreign investment that fosters change.

The significant difference between the 1980s in South Africa, when there was some "reform", and the 1960s and 1970s when there wasn't, is that in the 1980s there has been a marked turndown in economic growth and foreign investment.

In the 1960s GNP growth was around 5 per cent per annum, but it has been negative for much of the 1980s. The abolition of the pass laws and discriminatory job reservation in the 1980s coincided with a period when more than 140 firms, including Britain's Barclays Bank, divested from South Africa.

Today blacks still earn, on average, one fifth of what whites earn; and black infant mortality rates are 30 times above those for whites. What is needed is even greater international pressure and more divestment. Those who doubt this should ask themselves when, over history, has a dictatorship strengthened by economic prosperity ever reformed itself out of existence?

Avinash D. Persaud,
London School of Economics
East Building,
Houghton Street, WC2.

Hold the front page

From Malcolm Holliday.

Sir, "Scoop," the Waddington's game referred to in your Observer column (January 11), had not been completely forgotten. My children enjoy playing with the original retained from my youth, although the cardboard telephone ("to obtain the Editor's decision on a story") has suffered from vigorous use over the years.

The newly revived game is not the only one to have real newspaper titles. My version, dating from about 1960, has The Times, the Daily Express, and the Daily Mail. However, this does not necessarily set a good precedent for the Murdoch titles in the new model: my game also includes the News Chronicle and the Daily Sketch, both now defunct....

Malcolm Holliday,
Pine View,
59 Pine Grove,
Brookmans Park,
Hatfield, Hertfordshire

African one-party states can forge a sense of unity

From Mr Tamin Amijee.

Sir, With regard to your leader comments (December 29) on the one-party state, allow me to express some views contrary to beliefs widely held in the west, in support of the one-party state and the need for it in Africa.

Africa is artificially divided; the nations are unnatural (non-evolutionary) and the politics alien. Amid this false sense of statehood it is necessary, in order to maintain some peace and freedom, to portray a sense of unity, however false or detached from reality it may seem to observers accustomed to western multi-party democracies.

Many African states are composed of different tribes and religious groups which have never seen eye to eye with each other. But the state boundaries drawn by the colonial powers did not take this into account; hence we have the present situation, where tribal/religious beliefs come into the open in the political arena.

Taking into account the relative political immaturity of large numbers of people in Africa, differing opinions and beliefs within a state often degenerate into some form of violence – including government-backed genocide. Such occurrences, to varying degrees, are widespread. Examples include Burundi, Uganda and Zimbabwe.

To maintain some kind of order and consistency in the lives of the people, these countries should either be divided on a tribal/religious basis like India and Pakistan, or if necessary kept united by some use of authority, like the use of military force by the British Government in Northern Ireland.

Further division in Africa is impractical, mainly for economic reasons. The alternative is to forge unity. At this point the concept of the one-party state becomes all-important.

It is also important to realise – and hence distinguish – the apparent political dialecticism in Africa. Politics in many parts of that continent tend to draw a pretty clear line between the socio-political ideology of the state and the economic policies pursued in practice. The result is one-party states with market-oriented economies, such as Kenya.

Of course many governments abuse their authority, a consequence of which is economic deterioration. But this is not a feature of the one-party state only, and should not undermine the concept of the one-party state. The one-party system holds differing opinions and beliefs within a single framework; hence any opposition that exists is within the party, where understanding and compromises are easier to reach.

A good example is Tanzania, which has showed that it is possible to achieve political unity and stability with a one-party state and now, with the relevant policies, is also progressing on the economic front.

On these bases, one-party statehood with appropriate economic policies is, I believe, a better proposition for the heterogenous states in Africa, compared with the multi-party system where the differing groups are given separate platforms to present their views, and in Africa may come to blows with each other if their demands are not satisfied.

Tamin Amijee,
International Hall,
Brunswick Square, WC1

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Kohl rejects French EC central bank plan

BY DAVID MARSH IN BONN

Kohl: closer military ties

MR HELMUT KOHL, the West German Chancellor, yesterday rejected French proposals to work towards setting up a European Community central bank.

He said the EC was still far from realising the suggestion made last week by Mr Jacques Chirac, the French Prime Minister, with the aim of strengthening monetary integration.

But he did back efforts to forge a closer Franco-German military alliance. He denied that this would set up a bilateral "directorate" which could weaken Nato.

He rejected misgivings voiced by Mrs Margaret Thatcher, the British Prime Minister, about a Franco-German Defence Council due to be constituted next week.

Mr Kohl said: "If relations between Bonn and Paris are bad, we are accused of not having learnt from history. If they are good, then we are told we want to form a directorate."

On East-West matters, Mr Kohl criticised Mr Erich Honecker, the East German leader, for publishing in East Berlin last week a pre-Christmas letter in which Mr Honecker put forward the idea of a nuclear-free Europe.

Mr Kohl said the Warsaw Pact had to eliminate its capacity to invade the West as the next step in the disarmament process. He side-stepped questions about Mr Honecker's proposal that the West could give up scheduled 1990s modernisation of short-range nuclear missiles.

On the European central bank issue, Mr Kohl's coolness contrasts with the support for the idea by Mr Hans-Dietrich Genscher, the Foreign Minister. Coupled with scepticism from the West German Bundesbank, it is likely to strengthen French suspicions that the West Germans see little room for further significant development of the European Monetary System.

A European central bank was a goal of the EMS when it was set up in 1979, but the idea has since made little progress.

The proposal, part of an ambitious plan to adopt a common European currency, has been relaunched by both Mr Chirac and Mr Edouard Balladur, the French Finance Minister. Paris wants to use both to give new vigour to the EC and to head off the trend for the EMS to become unduly dominated by the D-Mark.

Mr Kohl said yesterday the joint central bank idea was a "final goal." Achieving it was not a question of political will but of realistic assessments of what was possible. The Community would first have to give priority to achieving economic convergence.

HK to levy negative rates on deposits

By David Dodwell in Hong Kong

HONG KONG yesterday confirmed its determination to halt international speculative pressure to revalue its currency when it unveiled powers to charge negative interest rates on Hong Kong dollar deposits of more than HK$1m ($129,000).

If the powers are invoked, banks will also have to refuse new Hong Kong dollar deposits of less than three months duration, and to accept no call deposits. The powers can be invoked without warning any time after March 10.

These unprecedented moves come after weeks of consultation on whether such measures are legally valid, and if it is possible to avoid hurting non-speculative savers. They stem from growing concern at the influx of funds from speculators convinced that the territory will cave in to US pressure to revalue against the US dollar.

Since November 1983, the Hong Kong dollar has been linked to the US currency at a rate of HK$7.8 to every dollar despite this year's US dollar's slide against other demoninations.

Previous swipes by US officials at the successful "four dragons" in East Asia against their bilateral trade surpluses with the US, have tended to focus not on Hong Kong but on Taiwan and South Korea. But attitudes have bardened recently as it became clear that Hong Kong's visible trade surplus with the US in 1987 was likely to exceed HK$6bn.

With this change of mood has come a conviction among speculators that Hong Kong could not stand alone in resisting US pressure to revalue.

Taiwan and South Korea have both let their currencies rise substantially in the last 18 months against the US dollar, and the fourth "dragon" – Singapore – has recently allowed a modest revaluation.

Arias in final effort to salvage Central American peace plan

BY DAVID GARDNER IN SAN JOSE, COSTA RICA

PRESIDENT OSCAR ARIAS of Costa Rica has made a last-ditch attempt to salvage the Central America peace plan with a tough call on Nicaragua's ruling Sandinistas to make new concessions.

The call came as the five Central American presidents gathered in San Jose today to decide the future of the peace plan agreed last Angust in Guatemala City.

The proposal earned Mr Arias last year's Nobel Peace Prize but has been undermined by the failure of all the parties to comply with its provisions.

Mr Arias, in a strongly worded letter to President Daniel Ortega of Nicaragua, called for "much more audacious and epecific actions to achieve a ceasefire" in the Sandinistas' war with US-backed Contra forces, and reminded him that the "heart of the peace plan to which we are pledged is democratisation".

The Costa Rican President also threatened to wind up the peace process unless clear progress was made at the summit.

The collapse of the peace plan would clear the way for substantial new US funding for the Contras which the Reagan Administration will reqnest from Congress in February.

Washington has only been able to provide about $20m in non–lethal aid to the Contras since October, postponing further military aid under congressional pressure to give the Arias plan a chance.

Mr Arias' pressure on the Sandinistas coincides with a hardening of the US approach to its Central American allies: Costa Rica, Honduras, El Salvador and Guatemala.

Lt-Gen Colin Powell, Mr Reagan's National Security Adviser, told these countries last week that they should not look to Washington for further aid if the Administration lost the vote on the Contras, which, in Washington's view, are the only force restraining Sandinista expansion.

Even before Mr Arias raised the summit stakes, a senior Nicaraguan diplomat indicated that Mr Ortega would probably arrive in Costa Rica with new concessions, such as lifting the state of emergency.

The Sandinistas are also considering direct talks with the rebels – something they have repeatedly ruled out – according to Senator Christopher Dodd, who has led Democratic opposition to Contra aid and who is monitoring the summit.

Mr Alfredo Cesar, a senior Contra leader, said here that Nicaragua's internal opposition parties were to propose, through President Vinicio Cerezo of Gnatemala, tripartite talks to begin immediately in Costa Rica between themselves, the Sandinistas and the Contras.

Judges fear big rise in Italian crime rate

By John Wyles in Rome

ITALY'S senior judges warned this week of a worrying growth in drug-trafficking and Mafia crime and lamented the manifest weaknesses of the Italian legal system.

According to tradition, the top judges in regional capitals opened the new judicial year with a review of the activities and problems in Italian society.

Several judges have resented what they believe is an attempt by politicians to hold the judicial system responsible for failures to reform the system.

The judges have lamented the difficulties caused by the piling of law upon law and the starving of the legal system of resources.

Rome's procurator, Mr Filippo Mancuso, has reported that the backlog of cases waiting to be tried in the region by the end of September was 410,939 – a small improvement of 24,000 on last year but a heavy caseload when fewer than 16,000 were tried in 1987.

About 2,505 people accused of crimes from murder to armed robbery were released in Rome during the first six months of the year because the time limit on their preventive detention had expired.

Judge Mancuso warned his colleagues about "unnecessary prosecution" in the light of the fact that guilty verdicts only narrowly exceeded acquittals by 9,627 to 7,126.

Most of the regional reviews stressed the growth in drug crimes. This is linked both to rising juvenile crime and the expansion of tbe Mafia, which draws huge profits from drugs, into "legitimate" businesses.

References to the Mafia were abundant in the judicial reports, firmly quashing any complacency after the recent conclusion of the maxi-trial of Mafia leaders in Palermo, in which some 340 people were sentenced to more than 2,700 years in jail.

The Sicilian capital was jolted on Tuesday by the murder of the former mayor, Mr Giuseppe Insalaco, who is believed to have been helping megistrates build a case against local politicians involved in handing contracts to the Mafia.

And a second victim was claimed yesterday in what appears to be a fierce new offensive by the Mafia following the maxi-trial. A former policeman accused of killing a Mafia suspect in custody, was shot dead

Police said Mr Natale Mondo, 36, was shot as he raised the metal shutters on a toy shop run by his wife in the city. The killers escaped in a car.

Mr Mondo was one of 16 police officers charged with the torture and manslaughter in Palermo police headquarters of Mr Salvatore Marino, who was arrested on suspicion of involvement in the 1985 killing of a top anti-Mafia policeman.

The former policeman's death brought to five the number of people killed in Palermo since the maxi-trial in December.

A senior judge in Naples said in his review that businesses controlled by the Camorra, the local version of the Mafia, were exerting immense pressures on local government for contracts and services.

Many of their operations enjoyed "the support and cover" of the public administration, he added.

There were 216,000 criminal cases waiting to be tried and most of the 182 murders in the Naples district last year were attributable to the Camorra.

The Calabrian Mafia was held largely responsible by local judges for the 42.8 per cent increase in murders in that region, together with a 141 per cent rise in cases of extortion and 72 per cent of robbery.

The senior justice in Milan warned of the growth of business-related crime, particularly illegal exports of currency.

Soviet editor hints at Moscow desire for Afghan withdrawal

BY JUDY DEMPSEY IN VIENNA

MR VITALY KOROTICH, editor of Ogonyok, the reform-minded Soviet weekly, said yesterday that "everybody knows Soviet troops will be withdrawn from Afghanistan this summer."

His remark is one of the strongest indications to date of Moscow's desire to get out of the Afghan war. The Soviet Union said last week that troops could begin leaving 60 days after a peace agreement was signed.

The Soviet leadership has signalled its hopes for a breakthough at next month's round of UN-sponsored peace talks in Geneva.

Mr Korotich, speaking in Vienna, said he last spoke to Mr Mikhail Gorbachev, the Soviet leader, on Friday. "He regularly calls in newspaper editors to discuss things, and he listens," he said.

Describing Afghanistan as "a very serious matter," he said his magazine was preparing a report on the war in which "we will interview generals and personnel, and name names."

"Young boys come back from Afghanistan, some without legs," be said. "They are only boys and we must help them."

Ogonyok, whicb prints 750,000 copies a week, is one of the journals spearheading the policy of glasnost (openness) and is a staunch defender of Mr Gorbachev.

Mr Korotich said, however, that perestroika (restructuring) and glasnost were so far affecting only the top echelons of society, including the mass media. "Our task in the mass media is to push the democratisation process downwards and make it understandable to the masses.

"For us editors, it is real happiness to be able to write about the truth, but for workers and peasants, what they want is more meat, sausage, bread and flats. For them, democracy is not only a possibility to talk more freely but to live better."

Mr Korotich said the Stalin and Brezhnev years had been wasted. In the 1920s and 1930s a whole generation had been wiped out either by Stalin or the war. "We are now paying for Stalin's terror and crimes." But he added: "We get about 300 letters a day. Some write that under Stalin, there was order."

US eyes Israel's 'deadly embrace'

Continued from Page 1

lem of the West Bank, Gaza and a Palestinian homeland.

He predicts that the current violence will increase American Jewish pressure for such a conference – which is backed by Mr Shimon Peres, the Israeli Foreign Minister, bnt rejected by Prime Minister Yitzhak Shamir – and he forecasts a future trip by American Jewish leaders to Israel to press this point, albeit only once the rioting has died down.

Mr Norman Podhoretz, editor of the conservative magazine Commentary and a prominent American Jewish intellectual, is less convinced of the pressure for withdrawal from the territories.

By his calculation, about 15 per cent of the 6m American Jews are "very critical" of current Israeli government policy and this is unlikely to increase.

But he concedes: "Because the Israeli Government itself is split on what to do, people here (in the US) are uncertain and confused."

Little of that confusion has, however, rubbed off on the Reagan Administration which, over the past four years, has actively strengthened ties with Israel and shows no signs of shifting gear. Only last week, Mr George Shultz, US Secretary of State, pronounced the alliance "unshakeable".

During Reagan's presidency the US has converted wbat used to be a mix of commercial loans and financial grants into simple grants worth about $3bn this year. Included in this chunk of foreign aid, by far the biggest for any US ally, is some $1.8bn of military sales credits (1981: $500m in grants, $900m in loans).

Meanwhile, it has almost doubled economic ald to $1.2bn since 1980. Last month, it signed a new arms pact giving Israel more latitude to sell its weapons in the US.

"Ronald Reagan has elevated Israel from client state to strategic ally," said an Israeli supporter in Washington.

This strengthening of ties is the more remarkable in the light of two major controversies which threatened to sour relations between the two countries: the Iran–Contra affair and the arrest in November 1985 of a former US Navy intelligence analyst, Mr Jonathan Jay Pollard, who confessed to funelling secrets to Israel for cash. The spy case was described by Mr Caspar Weinberger, the former US Defence Secretary, as a devastating piece of treachery.

As for Iran–Contra, Mr Weinberger (and, in veiled terms, Mr George Bush, the vice–president) has criticised the way the US allowed itself to be persuaded by Israel to sell arms to Iran in return for American hostages. But the silence on this aspect of the affair, compared to the noise generated by Bush's own role, has been deafening.

President Reagan and Mr Sbultz have refused to be deflected from their strategic goal of co-operation with Israel as an-anti Soviet ally in the Eastern Mediterranean.

Thie fundamental reality inevitably overshadows the occasional public criticism or the latest vote against Israel in the UN on the planned deportation of Palestinians suspected of instigating unrest in the territories.

Two factors could alter the status quo. One is if a credible possibility of negotiations with an Arab leader, such as King Hussein of Jordan, were to arise. Many observers believe such an opportunity was presented by the international conference proposal, though the US support for this idea was, at best, lukewarm in view of the divisions it aroused within Israel's coalition Government.

The historic post-war low for Israel'e snpport among the American public was in 1978-79 when President Sadat of Egypt appeared on US television to sell the case for reconciliation, a process which eventually led to the Camp David accords and his own assassination. Even the Israeli invasion of Lebanon failed to have such a negative impact.

The other change could occur when a new US President is elected. In the current election campaign all candidates (other than Mr Jesse Jackson, the pro–Arab Democrat) have avoided the Israeli question. "There is simply nothing to be gained by attacking Israel because you have to have an alternative," said one Capitol Hill analyst.

But if an outsider were to arrive in the White House and a more accommodating attitude to the Soviet Union were to take hold, pro–Israeli policy might soften, if only at the edges.

"Remember," said one former senior US diplomat. "President Carter saw Israel as part of the problem. The Israelis under Reagan have had one tremendous ride."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	14	57	Dubrovnik	S	14	57	Malta	S	15	[illegible]	Rhodes	F	13	55
Algiers	C	16	61	Edinburgh	S	7	[illegible]	Manchester	S	6	43	Rio de J'o	S	37	[illegible]
Amsterdam	F	8	46	Faro	F	16	61	Manila	S	31	[illegible]	Rome	R	12	54
Athens	C	11	52	Florence	C	10	50	Melbourne	-	-	-	Salzburg	S	8	[illegible]
Bahrain	C	19	[illegible]	Frankfurt	F	8	[illegible]	Mexico City	S	25	77	San Francisco	S	15	59
Bangkok	S	32	90	Funchal	F	16	61	Miami	C	24	75	Seoul	C	10	50
Barcelona	S	8	46	Geneva	C	4	39	Milan	R	4	39	Singapore	R	27	81
Beirut	C	16	61	Gibraltar	S	16	[illegible]	Montreal	C	4	39	Stockholm	C	4	39
Belfast	S	7	45	Glasgow	S	7	45	Moscow	F	-2	28	Strasbourg	Fg	1	34
Belgrade	Fg	-1	30	Guernsey	S	8	46	Munich	S	1	34	Sydney	S	32	90
Berlin	S	1	34	Helsinki	C	3	37	Nairobi	-	-	-	Taipei	S	25	77
Biarritz	S	9	48	H. Kong	F	21	70	Naples	S	14	57	Tangier	F	15	[illegible]
Bombay	-	-	-	Innsbruck	R	5	41	Nassau	C	25	77	Tel Aviv	F	16	61
Bordeaux	C	6	43	Inverness	S	7	45	New Delhi	F	22	72	Tenerife	C	18	64
Brussels	S	9	48	Islamabad	C	15	[illegible]	New York	F	[illegible]	44	Tokyo	C	15	[illegible]
Budapest	C	-2	28	Istanbul	F	7	[illegible]	Nice	R	16	[illegible]	Toronto	C	-3	27
B. Aires	C	31	87	Jakarta	S	31	[illegible]	Nicosia	C	17	63	Tunis	F	17	63
Cairo	C	19	[illegible]	Jersey	F	9	[illegible]	Oporto	S	10	50	Valencia	F	12	54
Cape Town	-	-	-	Jo'burg	R	29	84	Oslo	S	4	[illegible]	Venice	C	6	43
Caracas	C	26	79	Lima	S	24	75	Paris	S	8	[illegible]	Vienna	C	-1	30
Casablanca	F	16	61	Lisbon	S	14	57	Peking	-	-	-	Warsaw	C	2	36
Chicago	[illegible]	-10	[illegible]	London	F	15	59	Prague	C	0	32	Washington	F	-3	26
Cologne	F	7	45	Los Angeles	C	24	75	Reykjavik	S	-3	27	Zurich	F	0	32
Copenhagen	S	3	[illegible]	Luxembourg	Fg	5	41								
Corfu	F	14	57	Madrid	C	4	39								
Dallas	F	-1	30	Majorca	S	18	64								
Dublin	R	6	[illegible]	Malaga	F	14	57								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Nigerian debt

Continued from Page 1

$11m last month - the full amount.

Creditors also criticised the Central Bank's failure to pay interest on local currency deposits lodged there by importers against the eventual release of foreign exchange to meet debt payments.

Participants began arriving at the Conference Centre shortly after 9 o'clock to discover 200 security guards, sniffer dogs and bomb detection equipment.

They then faced being identified, frisked, and having bags scanned with metal detectors.

Once the meeting started, they were locked inside the centre and barricades were erected

Mr John Hutt, Confsrence Centre Security Manager, said this was a "normal procedure".

Some creditors said they were relieved at the arrangements because they had had to bring their high-value negotiable promissory notes to gain entry.

Caught in the net, Mr Wahab Bello, assistant manager from the Continental Merchant Bank of Nigeria was removed to a safe distance down the road to distribute pamphlets promoting Nigeria's new official debt/equity conversion scheme.

THE LEX COLUMN

A polite knock at Britoil's door

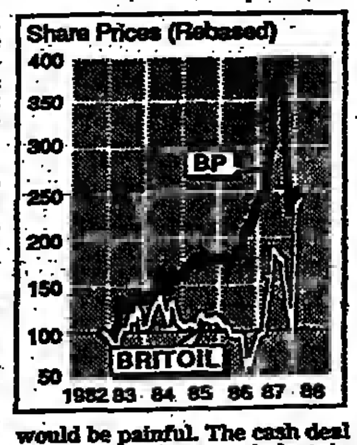
BP's offer document for Britoil relies almost exclusively on the use of bold capitals and colourful price charts displaying the not inconsiderable 140 per cent bid premium to convince wavering investors to sell out. Meanwhile the chairman's letter to Britoil shareholders reads more like a memo to Her Majesty's Government, explaining why the deal is in the national as well as the investor's interest.

The market evidently regards such posturing as unnecessary. To judge from Britoil's 9p premium to the 450p offer price, it attaches no possibility to the Government scuppering the deal altogether. While there is an outside chance that the bid will be referred to the Monopolies Commission, the latter would need to employ some very recondite arguments if it were to return a verdict hostile to BP. Possibly BP is wrong to claim that Britoil's North Sea assets would be better developed in its own hands; but it would be almost impossible to maintain the opposite argument.

BP is playing the political game shrewdly in refraining from attacking the Britoil management – a tempting enough target, given its mediocre track record. The two teams may have to live together for some time, and in any case BP may not want to spoil its chances of ending up with a recommended deal.

As far as Britoil's shareholders go, the document's dramatic visual aids are of little real assistance. Although 450p is certainly higher than 187p, and is probably a generous reflection of Britoil's proven assets, it may not reflect fully their strategic value to a company desperate to replace falling oil production. Neither does the valuation take full account of Britoil's recent discoveries – a fact which no doubt will be addressed fully in Britoil's defence. More important, it says nothing of what Arco is likely to do. Arco's present position is almost risk free: it can sell to BP and accept a small profit for its pains. More likely, though, it will proceed with a full bid at a slightly increased price, and it may not be sorry if BP counters with a higher offer. As the bigger and the stronger company, and as one which is more comfortable about the prospect of coexistance with the golden share, BP may well be prepared to pay the higher price of the two.

For either company the short term effects of buying Britoil would be painful. The cash deal stands to make a real dent in BP's, and if investors take up the share alternative the earnings dilution will be still worse. Nevertheless a 30 year investment should not be judged on a one year view, and the value of Britoil to BP should encourage shareholders to see it that way.



Markets

Though November's uptick in average earnings growth to 8¼ per cent came a month or so earlier than expected, the market took comfort yesterday from the unchanged figure for earnings in manufacturing industry. All the same, the rise serves as a reminder of the conflicting pressures facing the Chancellor on the exchange rate. The competitive position of UK industry has been in decline since the middle of last year, and further sterling appreciation would make it worse. But as the Governor of the Bank of England recently made clear, the threat of inflation rules out depreciation as well.

In practical terms this implies a policy of fixed exchange rates, leading in turn to interest rate volatility. This lends weight to the market's fixation with the US trade figures due today; for a further collapse in the dollar would point to a cut in UK interest rates, which is quite contrary to what domestic considerations on inflation would suggest. On the other hand, the real significance of the trade figures will come less in such logical considerations than in the US markets' reaction to them. Last Friday's slump on Wall Street still weighs on the UK market'e mind, and London will have a busy lunchtime.

Banking licences

At a time when many major US banks are posting record losses because of the need to make hefty provisions on dud Third World loans, and one or two well known names have been thinking of handing in their banking licences in order to escape the onerous US regulatory burden, it is rather surprising to find a US industrial company, McDonnell Douglas, setting up its own bank. Admittedly, McDonnell Douglas Bank is based in London, where the regulatory climate is less suffocating, and it has no intention of making any Third World loans. Nevertheless, it remains highly unusual for an industrial company to seek a full banking licence, and no less a person than the Governor of the Bank of England noted only recently that the ownership of banks by industrial companies raises some tricky issues for bank regulators. The case of Johnson Matthey Bankers is an extreme example of what can go wrong when a bank is owned by an industrial company.

McDonnell Douglas' banking venture is a very small operation in relation to its parent's size, and is a logical extension of a successful UK finance and leasing business which was originally started to help sell the company's aircraft. Clearly, the company has not found any difficulty in convincing the authorities of the wisdom of its move. Nevertheless, many of the world's biggest industrial companies have moved heavily into the financial service business in recent years without needing a banking licence.

Dee Corp

Passions are starting to run high in the Dee bid battle. For Dee publicly to dismiss Citicorp as its banker was one thing, but the decision by Barker & Dobson to issue a writ against Dee over a press release verges on the bad-tempered. Although libel suits in bid contests are not wholly unknown in this country, they introdnce a slightly transatlantic flavour to the conduct of takeovers.

In this case, the alleged libel evidently relates to the size of the loans which B & D would be taking on. This illustrates the way in which the bid is being waged at cross purposes; B & D attacks Dee's trading record, Dee attacks B & D's financing, and neither does mnch to address the arguments of the other. All it wants now is for Dee to start an action over B & D'e criticisms of its retailing skills, and the stand-off will be complete.

All these securities having been sold, this announcement appears as a matter of record only.

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December 1987

SECTION III

FINANCIAL TIMES SURVEY

Health care in Britain is the subject of intense political and public debate. Finance and the role of the private sector are immediate issues, with even bigger ones like the demands of an ageing population in the background. **Alan Pike**, Social Affairs Correspondent, reports

Health Care

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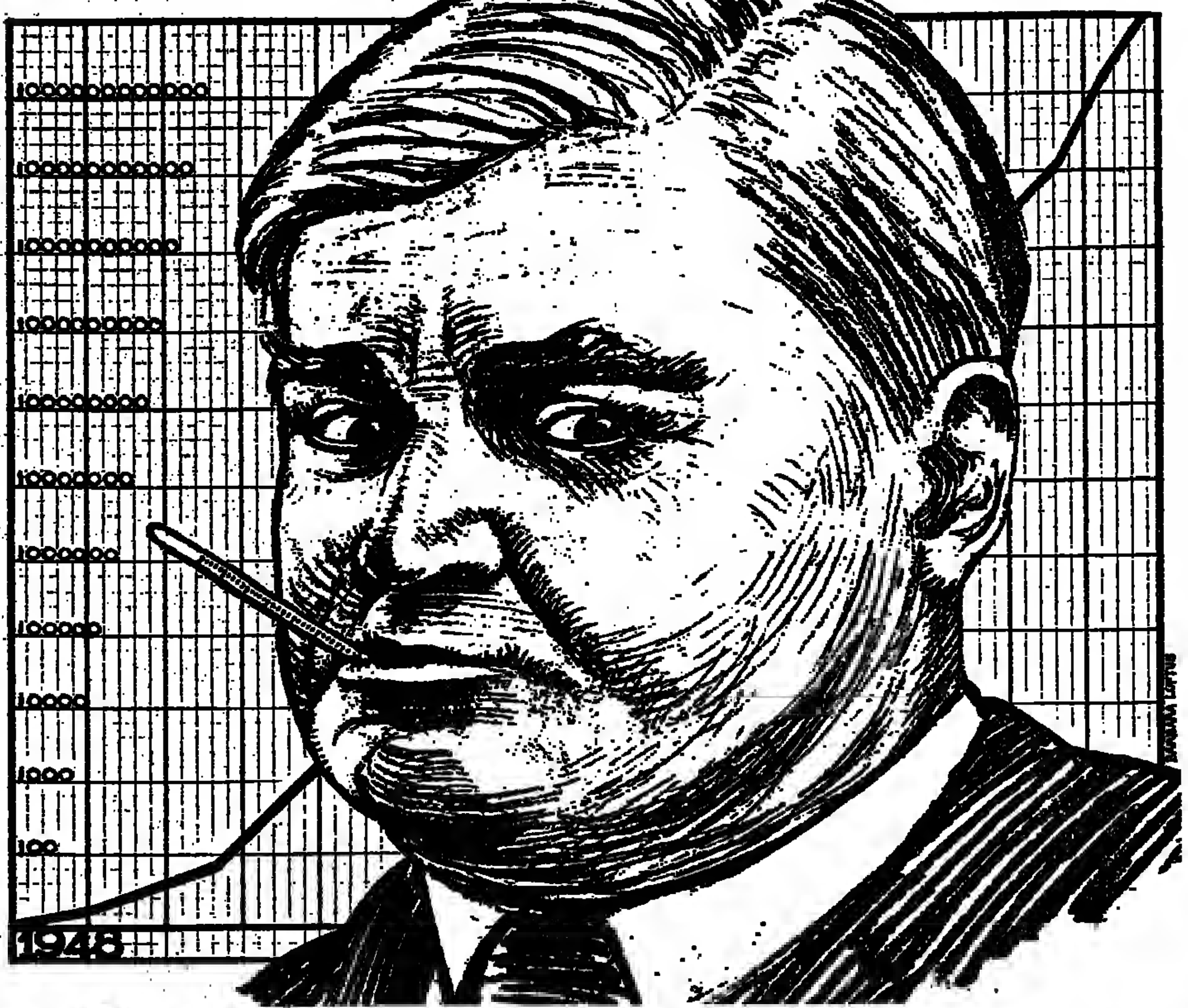

Aneurin Bevan, Minister of Health in the 1945-50 Labour Government and founder of the National Health Service 40 years ago.

Midlife crisis for NHS

BRITAIN'S NATIONAL Health Service is 40 years old this year.

Measured in terms of a human lifespan it is, like the first generation of babies born in the Welfare State maternity hospitals in the 1940s, entering middle age. It reaches the anniversary in a state of midlife crisis.

Many of the questions which a caring family doctor might raise with a patient in this condition have to be resolved in the NHS if it is to survive to its 50th birthday intact and healthy. Financial problems? Trying to take on too much? Uncertain about future objectives?

In his only book "In Place of Fear" Aneurin Bevan, who as Labour's Minister of Health piloted the new comprehensive health service into existence in July, 1948, spoke of the NHS having become part of the equipment of a civilised society and the texture of national life. "No political party would survive that tried to destroy it."

Bevan felt able to make this triumphantly confident assertion in a book published in 1952, when the NHS had existed for a mere moment. But, at least until recently, history appeared to prove him correct.

Generations of students in the 1960s and 1970s were presented with the NHS as a working example of a social institution which had largely risen above politics. Political differences were limited to how it operated and how much could be spent on it, rather than whether it should exist.

A Royal Commission on the NHS set up in 1976 by a later Labour Government than Bevan's ended up by candidly admitting, amidst a collection of largely undramatic recommendations, that those looking to its report for "some blinding revelation which would transform the NHS" would be disappointed. "The NHS is not suffering from a mortal disease susceptible only to heroic surgery."

The Royal Commission delivered this broad confirmation of Bevan's original confident judgement in the summer of 1979, just as the Callaghan Government fell and Mrs Margaret Thatcher's years in office began. In the eight years which have followed, it would have been unthinkable that the NHS could have completely escaped the attention of a Government committed to market forces, privatisation, tight control of public spending, improved efficiency in the public sector and reducing the dependence of the individual on the state.

During these years the NHS has been exposed to a revolution in its management structure, moving from a committee-based consensus system to more business-like general management. Ancillary services have been opened to competitive tendering,resulting in cash savings and a role for private contractors in some hospitals. Health authorities have faced tight cash limits and been forced to seek - and usually find - efficiency improvements to help pay their way.

In spite of inevitable protests, there is much agreement that the NHS is more efficient as a result of the changes it has recently undergone. But only the most squeemish could describe these changes as heroic surgery, and the most easily-satisfied regard them as the product of blinding revelation.

The fundamental basis of the NHS, compared with much else in British society, has remained remarkably unchanged since 1979. Mrs Thatcher and her ministers have defended their record on the NHS rather than questioned the continued existence of a universal health service funded from general taxation.

Bevan's early declaration that no political party would survive that tried to destroy the NHS might appear to still haunt his Parliamentary successors, judging by the manifesto on which the Conservative Party won last year's general election. The section on health care is strongest when it defends the NHS, with no proposals for the future more radical than pledges to continue strengthening management and improving efficiency. It does not even mention the existence of a private health sector.

And yet the NHS is repeatedly described as being in a state of crisis and there is now, more than at any time since it was formed, a genuine debate about whether it can continue unchanged for much longer.

Much, although not all, of the crisis and debate revolves around money. The UK spends less on health than the US and most of its European neighbours - 6.2 per cent of Gross Domestic Product compared with 10.8 per cent in the US, 9.6 per cent in Sweden, 9.3 per cent in France, 8.8 per cent in the Netherlands, 8.2 per cent in West Germany, and 7.4 per cent in Italy.

While international league tables do not always compare precisely the same services the overall pattern is unchallengable - spending is relatively low in the UK and the NHS is a relatively cheap method of delivering mass health care.

Does the UK spend enough? Here health providers - health authorities, trade unions, public-watchdog Community Health Councils, doctors and nurses - argue with the Government. Planned spending on the NHS in England is due to reach £19.3bn in 1990-91, including an extra £700m for the hospital and community health services in the coming financial year.

The Government believes this should be enough to finance some new initiatives, like enhancing programmes to reduce waiting lists. Health authorities - which received an emergency input of £101m before Christmas to help relieve urgent spending problems in the current financial year - say it will not be sufficient even to prevent further crisis measures, and want at least £200m more next year.

Part of the argument over spending reflects the fact that health service inflation has been rising much faster than general inflation in the economy. Another strong concern of health authorities is that they have had to fund part of nationally-agreed pay awards over which they have no control. They also face big bills for locum and agency staff.

Pressure on hospitals has been increased by a proportionate shift in spending during the 1980s away from hospital and community services and towards the family practitioner services. And the programme to create a more even spread of facilities around the country under the resource allocation (RAWP) policy which has been in operation since the mid-1970s has led to a further sense of cut-back in much of the South-East.

Part of the Government's reaction to criticisms that it is taking insufficient account of these factors when setting health service funding is to stress the case for further efficiency improvements and revenue raising enterprise in the NHS.

A proposed Ministerial review of NHS funding, which is about to take place, will look at ways of increasing competition and private investment in the service, and the Government's Health and Medicines Bill will increase the scope for health authorities to engage in profit-making activities.

In this context, co-operation between the NHS and the private hospital sector is growing and will continue to develop. So, too, will competition as NHS hospitals are encouraged to become more market-orientated. NHS pay beds remain the biggest source of private health provision in the UK. From this year health authorities will be able to make a straightforward profit from them, and some big teaching hospitals are already gearing up to do so, sometimes using private contractors themselves to run their pay bed wings.

Other changes under examination include the scope for developing internal markets in the NHS, with hospitals and health authorities competing against each other. And a number of other suggestions, like hotel charges to cover the food and accommodation of hospital patients, and fees for visiting GPs have - not for the first time during the past 40 years - been placed on the agenda by MPs.

The NHS's labour costs - which amount to 70-75 per cent of most health authorities' spending - can hardly be permanently immune from consideration. Consultants and other senior medical staff are also not exempt from the Government's exhortations to greater efficiency.

None of this amounts to sufficiently heroic surgery for some on the Right, who would like to see the entire edifice of a taxation-funded health service replaced by a much more competitive insurance system, perhaps linked to health vouchers.

Concern about how long the present structure can hold together is shared by other groups, like many health service managers, who are instinctively much more sympathetic to the existing character of the NHS.

"We cannot go on running the health service on the basis of scraping around in the middle of every financial year to find ways of saving money," says Ms Barbara Young, president of the Institute of Health Services Management. "Everyone involved needs to sit down, agree that there is not enough money in the NHS, and decide what we are going to do about it."

The Institute is contributing to this process by conducting its own review of health service funding which is due to report in the spring - at the same time as a similar study by the King's Fund Institute, a health care think tank. A further review has been launched by the Commons Social Services Committee.

All these reviews are likely to find themselves facing a number of common questions. Does the UK invest enough in health through public funds? Should the balance between public and private sectors change, perhaps with an increased role for private health insurance? How much scope is there for making the NHS more efficient and competitive?

There is also, perhaps, a more basic question. What is an adequate level of health care? The argument that the NHS, free at the point of use, is more guilty than other health care delivery systems of creating an infinite level of demand is regarded as flawed by many health care professionals.

People do not, they say, seek medical attention for the joy of it (how many people fail to visit a dentist regularly, even though initial checks have until now been free?). In any case, many insurance-based health systems in other countries are also free at the point of use.

What is more certain is that, whatever the outcome of the

Continued on page 6

DEADLINES NEED EXTENDING

Mistooks are made

WORKLOADS BUILD UP

THINGS DON'T GO SMOOTHLY

BOTTLE NECKS DEVELOP

Pressures increase

ABSENCES NEED TO BE COVERED

EFFICIENCY DROPS

Targets are miss d

PLANS BEEN CHANGING

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Universal care financed by taxation is being questioned but, says **Alan Pike**...

Fundamental change unlikely – yet

THE MANIFESTO on which the Conservative Party won last year's General Election is aglow with what the Government believes is its successful record towards the National Health Service.

Many of the familiar, if contested, statistics and claims which the Prime Minister has frequently presented to the House of Commons are to be found there. More money spent than any other Government, Labour or Conservative. More doctors, More dentists. More nurses. More in-patients, More outpatients. More pay.

The terms NHS and Health Service are used interchangeably in the manifesto pages devoted to health care, and the private health sector does not merit a single mention. An uninformed overseas visitor would not learn from the governing party's manifesto that such a thing even existed. Nothing is said about possible funding alternatives like health vouchers, or even such cautious possibilities as tax relief on private health insurance.

Yet many groups on the radical right are now actively arguing that the very basis of universal health care financed from general taxation may be wrong in principle and practice. And although fundamental change remains improbable - at least this side of another general election - the reaction to the latest crisis over NHS spending shows that a number of Conservative backbenchers are ready to travel with far more radical ideas than those on which their party fought the election.

The politically independent, pro-market economy Institute of Economic Affairs has become an important source of alternative thinking towards the welfare state, drawn partly from field studies of opinion which it has conducted periodically over the past 24 years.

Reaction to the crisis over NHS spending shows that some Conservative backbenchers are ready to travel with more radical ideas than those voiced at the general election

It is the Institute's contention that conventional opinion polls, which continue to show strong support for the existing "free" NHS, are flawed because they "invite macro answers to over-simplified questions which conceal the costs of alternative courses for public policy and individual action."

On the basis of its own field studies, the outcome of the most recent of which has just been published (1), the Institute concludes that:

- the all-party consensus in favour of universalist welfare provision which has been prevalent during the post-War years misrepresents the preferences of a large proportion of people;
- the "vague sentiment in favour of higher taxes for welfare" does not survive the acid test of whether individuals would themselves choose to pay more taxation.

The welfare state, argues the Institute, has not been able to keep pace with social, economic and technical change. "In its efforts to maintain its organisation it has had to suppress the generally growing desire for change that would require it to move from a monopolist supplier financed by taxes to a competitor in a widening market where custom has to be won from customers free to go elsewhere."

Its research, says the Institute, demonstrates that high proportions of people would be prepared to accept even relatively small state grants - figures of £150 and £200 a year for each member of the household were posed in questioning - and add the balance themselves to provide private medicine and health insurance.

This reflected a desire to avoid often lengthy queueing and waiting in the NHS, insensitivity of hard-pressed doctors and nurses, bureaucracy and regimentation. Such things were increasingly resented. "The prospect is that they will not much longer be tolerated by the British, even of low incomes and humble origins, who see themselves treated with courtesy and respect in the commercial world of household shopping and travel bureaux, hairdressers, fashion shops, leisure services, eports ectivities or holiday hotels."

While the Conservetives had been the first to see that reform was overdue, says the Institute, "after eight years of office they heve not done much and are still dragging their feet by half-hearted measures."

The St Michael's Organisation, founded in 1973 to research systems of delivering medical care, has argued that a substantial increase in the private sector is the only alternative to a continuing decline in medical services in Britain. It has suggested tax relief on medical insurance premiums, health vouchers end loans to develop locally funded voluntary hospitals, and the hiving-off of private wings of NHS hospitals as methods of promoting the private sector.

A recent report published by the organisation (2) spoke of the NHS being affected oy deeply ingrained flawed thinking which transcended class, creed and political allegiance. "History suggests that there is likely always to be the need for some kind of State 'Poor Law' provision for an unfortunate minority unreached by any other agency. The tragedy of the past 40 years has been that the nationalisation of British medical services has made Poor Law provision of medical care virtually universal."

The Centre for Policy Studies recently published a paper by Mr John Peet, a former Treasury official responsible for NHS finance, which argues that the introduction of general management in the NHS has already prepared the ground for encouraging competition in the service.

He proposes that competitive tendering should now be extended from support services to other areas including surgery facilities, primary care and hospital building. Competition could be provided by the private sector and also from health authorities competing against each other.

Mr Peet rejects the view that competition is not possible in a publicly-financed, charge-free system, or that it would reduce standards of patient care in favour of commercial considerations. Open competition is, be suggests, the best way of judging the extent to which standards are being met.

1. Welfare Without the State, £7.50 Institute of Economic Affairs, 2 Lord North Street London SW1P 2LB

2. Health, Security and You, $4.95 St Michael's Organisation, 92 Southwark Park Road London SE16 3RS

. Healthy Competition, £4.60 Centre for Policy Studies, 8 Wilfred Street London SW1E 6PL

The origins of what became the National Health Service in July, 1948, can be traced from Victorian Poor Law changes and 19th century factory, public health, and sanitary legislation.

These trends towards greater state involvement in the health and welfare sphere were followed by the widespread development of health insurance earlier this century.

Finally, in late 1942, came the publication of the Beveredge Report, a best-seller which captured the strong collectivist atmosphere of the Second World War. One of the central assumptions on which Beveredge's widely-embracing welfare proposals were based was the existence of a comprehensive health service available to all members of the community.

Emergency medical services had been brought together as part of the war effort and the wartime coalition Government, committed to the creation of a national health service at the end of the war, began negotiations in 1943. But the scheme which actually took effect was steered through parliament by Aneurin Bevan,Minister of Health in the 1945-51 Labour administration pictured here visiting a hospital just weeks before the birth of the NHS in July 1948

Private medicine and the right of NHS consultants to undertake work outside the service survived the negotiations which created the NHS. Pay beds were allowed to continue in NHS hospitals because Bevan accepted the argument that specialists would otherwise spend more of their time at private nursing homes. No pressure groups in Britain were more higher organised than the professions, he commented, and among them the medical professions were the strongest.

Bevan resigned from the Government in 1951 - over proposals by Hugh Gaitskell, the then Chancellor, to raise £13m to assist rearmament by introducing charges for NHS teeth and spectacles.He argued that this would be a slippery alope to further charges. This year the present Government faces criticism for introducing charges for initial dental and eye checks

NHS management consultancy

Corporate culture for a complex business

CHANGES IN management structure and the drive for greater efficiency are stimulating interest in improving management systems in the National Health Service.

This has helped make the NHS a fertile field for management consultancy. Arthur Young, one of the leading consultants in the sector, has a separate National Health Care Group with 50 staff working on projects in the health service.

Peter Farmer, managing partner in change of the group, does not see the consultant's function as simply persuading health service managers to accept ideas which have been proved in outside industry on the ground that they must improve efficiency in the NHS. There is scope and need for outside ideas, but they have to be applied in the specific context of the health service.

"When we talk to medical professionals about business strategies, we realise it is hard for them to accept that they are in a business," says Mr Farmer. "They have been trained to see their job as doing the best they can for whoever comes through the door. But the NHS also happens to be a particularly big and complex business. You have got to manage it as a business, and senior professionals have be to brought into the management process."

In Mr Farmer's experience the quality of NHS managers is higher than that found, certainly at the same salary levels, elsewhere. "What appears to have been lacking is a sense of corporate belonging and corporate objectives. The NHS has to instil a stronger corporate culture."

Arthur Young sees its own objective as bringing to the health service the best of commercial and industrial practice combined with a knowledge of the culture and constraints of the NHS. It has worked with health authorities throughout the country on an array of services including budgetary and financial control, estate management, patient administration systems, management structures, procurement and purchasing and training.

An important recent field of work has been in the identification and management of information requirements. Mr Farmer thinks the NHS has been somewhat backward in its use of computers and believes this will prove a major area of investment during the next few years. But he is concerned that a clear understanding of information needs should precede the purchase of computer equipment by health authorities.

Ideas have to be applied in the specific health service context

"We believe that the principle barrier to the use of information in health authorities at present is not technical but managerial in nature," Arthur Young concluded in a study recented conducted at Waltham Forest district health authority in London. "If we could get the management development right, information development would be pulled along in its wake."

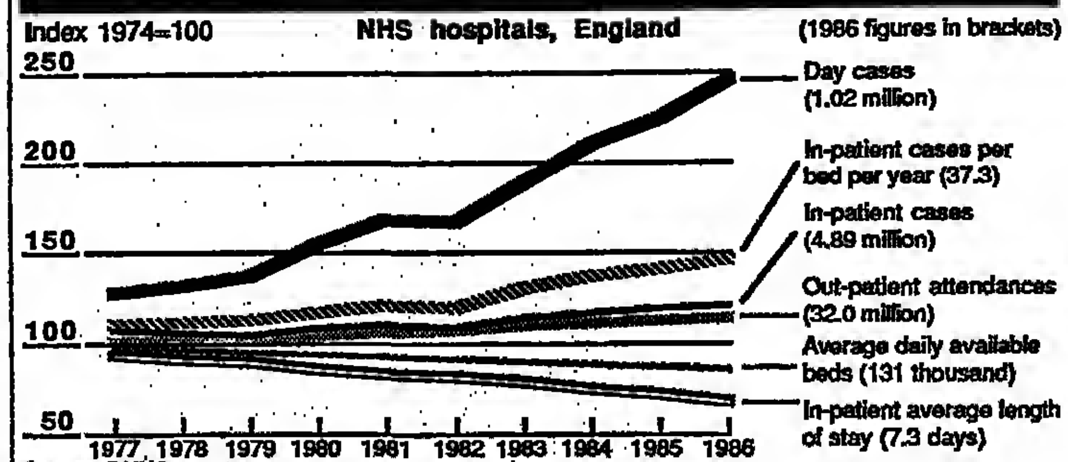
The aim of the Waltham Forest project was to find ways of integrating information into the day-to-day management process. A structure based on interviews, analysis and feedback was used to establish information requirements and focus on areas where information development was a priority. Waltham Forest has now decided to extend the process throughout the authority.

Another project recently completed at Northampton district health authority looked at ways in which information requirements could be derived from the authority's strategic objectives, so that an information strategy could be developed which would help the authority to move towards these objectives.

Arthur Young's work ou information systems in the NHS has not been restricted to tha traditional areas of management. A new system involving the widespread use of computers in South Lincolnshire is intended to help medical and nursing staff to develop a management style, and save substantial amounts of time on the exchange on information.

Alan Pike

Acute treatment



Source: DHHS

Health finance

Options under a microscope

AS IT enters its 40th anniversary year the NHS is in a state of turmoil. Spiralling demands and tight funding have precipitated a more fundamental debate about methods of health care finance than has been seen at any previous stage in its history. Serious doubts are now being raised about the feasibility of continuing to provide a universal free-at-point-of-use, tax financed system.

In an effort to shed some light on the issues involved, both the King's Fund Institute and the Institute of Health Service Managers have set up working groups to examine health care financing.

Just before Christmas, the newly constituted House of Commons Social Services Committee also joined the fray by announcing that its first task in 1988 is going to he an examination of NHS financing. Then – following hard on the beels of this announcement – the Government itself indicated that it is going to launch a fundamental review in the New Year.

What results can be expected from this burst of activity? Without attempting to anticipate the recommendations of any of these inquiries it is pretty clear that there are some broad policy issues that the government and the NHS must address over the medium term future.

First, the adequacy of public expenditure levels must come under scrutiny. Even in terms of its own assessments of the extra resources needed to meet demographic change, medical advance and service development during the 1980s, government spending on hospital services in English health authorities is now running at about 5 per cent below its target level. On this basis, the increase of £700m in planned expenditure for 1988/89 is only just over half of what is required.

Claims that the country cannot afford this level of spending are thrown into doubt by recent figures on international standards released by tha OECD. These suggest that health care expenditure per head in the UK is over 20 per cent below its expected level, given the UK GDP per head. However the same OECD data also show that in those countries which rely predominantly on public finance, total expenditure on health care tends to be lower. This raises a second policy issue: what are the opportunities for developing new sources of finance?

Persistently-tight funding has already led a number of health districts to develop income generating activities in non-clinical areas. Cafeteria services; newspaper and book stalls; florists; hairdressers; and video entertainment programmes can now all be found in hospital reception areas. Despite the fact that legislation currently passing through Parliament will give bealth authorities greater freedom to pursue these activities, it is unlikely that net income from this source would ever rise above £50m – less than 0.5 per cent of hospital spending.

Income generation from the sale of clinical activities offers the potential for raising far larger sums, but it also raises far more complex issues of principle. NHS pay beds are one long-standing source of income, but Labour governments have been strongly opposed to them.

Between 1975 and 1979 the number of beds fell by 40 per cent. Since then, though, the numbers have started to gradually rise again. Moreover, since 1987, health authorities have been free to determine their levels of charges subject to the recovery of costs. As a result, many authorities are starting to market these facilities in a vigorous manner, often competing with the private sector in terms of price rather than the quality of hotel services.

Total NHS income from this source is currently about £70m and could well expand rapidly over the next few years.

Numerous other links between the NHS and the private sector offer the scope raising additional finance. The sale of NHS support services to the private sector, such as *pharmaceuticals*, *pathology* and x-ray services; ths sale of NHS spare capacity to private patients, as in the case of certain breast screening services; the joint finance of expensive items of medical equipment; and the joint funding of building programmes are all examples of schemes already underway. Given the emphasis placed on private sector involvement in other erstwhile public sector monopolies elsewhere in the economy, expansion of partnership arrangements would seem to be firmly on the policy agenda.

But will the expansion of these established sources of income generation be enough to close the funding gap. In 1988/89, they are only expected to yield £90m. This has led to calls for more radical changes, among them, the wider use of voluntary, private insurance as a top-up mechanism. This could be a means of attracting additional finance into health care at a time when public opinion polls suggest that this is what a substantial section of the population want, but the political system seems unable to deliver it.

In particular, there is a case for examining private insurance arrangements to see if there is scope for developing more varied packages that would reach a larger number of people. These might include limited cover schemes that enable people to choose to spend additional sums on health care – either in the public or private sectors – for, say, minor procedures. In some cases, it might be cost effective for the Government to subsidise these schemes if it encouraged individuals to finance the remainder from their private incomes.

The direction that health care financing actually takes in the 1990s will inevitably be heavily influenced by political considerations. But even within this constraint, there is a clear role for dispassionate analysis of policy options. A dorable strategy is far more likely to emerge from this process than from a fog of rhetoric and dogma.

Ray Robinson

The author is Secretary of the King's Fund Institute Working Group on Health Care Finance,but his views expressed here are purely personal ones.

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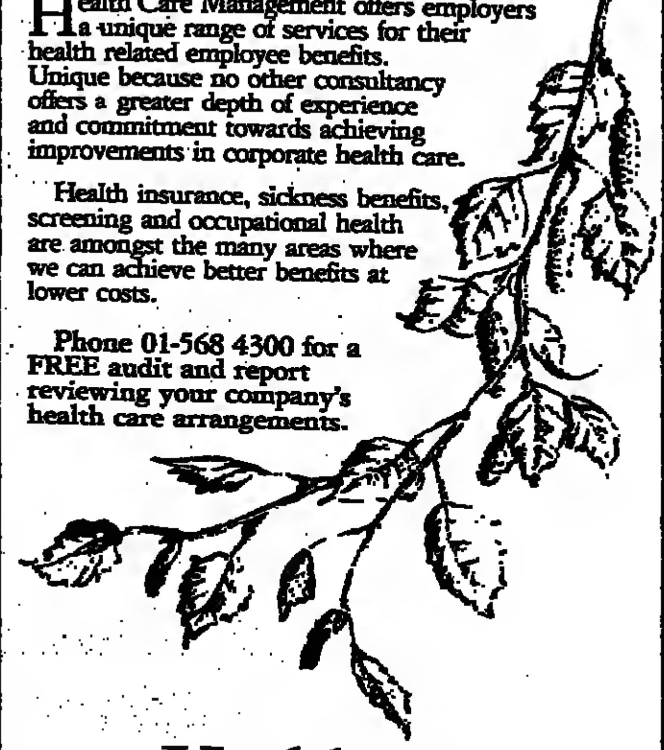

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HEALTH CARE 3

Independent hospitals are taking the frills out of private treatment

Getting the private care message to a wider public

THE SMART new 102-bed London Independent Hospital stands on the site of the famous, voluntary London Jewish Hospital in what is still one of the most deprived parts of the capital. "Quality health care is here in the East End," declares its literature.

One explanation for the unlikely location - apart from the availability of the site - is the London Independent's proximity to the big London Hospital. Consultants there had for some time been interested in the establishment of local private facilities nearly.

But, in spite of being private, the London Independent sees part of its role as functioning as a community hospital serving the East End. In the year since it opened, the hospital - which has a wide range of medical facilities including one of London's best-equipped X-ray departments - has begun taking on contract services for local NHS hospitals, and developed contacts with many East London GPs.

It is also offering loans to potential patients who are not covered by health insurance and would not otherwise be able to afford private treatment. Up to £10,000 to pay for treatment costs is available at competitive interest rates.

Mr John Naughten, the director, says the London Independent is trying to take some of the frills out of private treatment. "We are not offering cheap medicine and we have high standards of accommodation. But we want to remove some of the mystique about private health care and convince ordinary people that it can be for them. The next major task for the hospitals and insurance companies is to get the private health care message across to a much wider population."

Increasing numbers of private hospitals, particularly in London and the South East, are likely to be joining the London Independent in trying to reach a wider audience.

The typical image of a London private hospital may be still be one of extremely wealthy patients, often from overseas, being treated expensively in unnecessarily lavish surroundings. But with the development of new hospitals overseas, particularly in the Middle East, this market is not all it used to be.

According to the 1987 Fitzhugh Directory of Independent Hospitals and Provident Associations, the private hospital companies made pre-tax profits of only £7m on revenues of £294m in 1985-86.

Mr Anthony Byrne, chief executive of the Independent Hospitals Association, believes that this average contains wide regional variations. "Plenty of hospitals in the provinces with 65-88 per cent bed occupancy rates are doing well. But in London, where you may often have bed occupancy rates of 35-50 per cent, some hospitals are only marginally profitable if not loss-making."

Some of these London hospitals now face a new source of competition - from a Natiooal Health Service being encouraged by the Government to become more competitive and enterprising. From this year NHS hospitals will have greater freedom to make profits from their pay beds, which are still the biggest single source of private health provision in the UK.

The Independent Hospitals Association is worried that part of the competition its members are about to face may be unfair, with NHS hospitals failing to take sufficient account of some of the true overheads of their private wings when setting charges.

Laing's Review of Private Healthcare estimates that private and voluntary hospitals and nursing homes supplied 9.2 per cent of all UK hospital-based services in 1986, compared with 7 per cent in 1984.

The once-dominant position of charitable hospitals has been declining, with the sector moving increasingly into the hands of major providers like AMI Health Services and Noffield Hospitals. Fitzhogh calculates that 35 per cent of UK revenoe is now controlled by US providers.

NHS health authorities often use private sector facilities, but last month Oxfordshire Health Authority signed what is believed to be the first agreement under which a private health care company has become a partner in an NHS hospital.

Bioplan Holdings is providing £300,000 towards the cost of redeveloping the day surgery unit at Churchill Hospital, Oxford. Under the agreement Bioplan will share the use of operating theatres and the day surgery unit and pay the health authority a guaranteed income of at least £130,000 a year. The authority says the deal will permit more NHS patients to be treated in improved facilities, with Bioplan allocated theatre sessions at times when the unit is not in NHS use.

While most of the political debate about private health care takes place around the role of private hospitals, private residential homes and other long-term facilities represent a far bigger section of the market.

Almost half of all elderly people in care are now in private sector accommodation - a major recent shift away from public provision and a doubling of private sector accommodation. With an increase in the proportion of old people in the population the major dsmographic change between now and the end of the century, demand for residential accommodation is guaranteed to grow.

The private sector's contribution to residential and nursing home provision is estimated to already constitute a market worth at least £1bn, and Mr Byrne estimates that further private sector investment of £2bn will be required over the next 10 years.

It has been the policy of successive governments since the 1970s that elderly and handicapped people should, wherever possible, be cared for in the community rather than in hospital. But the achievement of this objective raises significant administrative, financial and moral issues.

A public debate on these issues is about to begin around the report of an investigation into community care by Sir Roy Griffiths, deputy chairman of the National Health Service Board. This follows another inquiry, the Firth Report, which recommended that funding of care facilities for the elderly should be transferred from the Department of Health and Social Security to local authorities.

The Independent Hospitals Association rejects this approach - believing it would lead to restrictions on individuals' ability to choose when and where to go into care - and is seeking a refinement of the present system to take more account of the costs involved in providing sophisticated therapy and rehabilitation in some homes.

Alan Pike

Value of private care benefits

Paid by BUPA, PPP and WPA in the UK 1977-86

	Room charges	Surgeons' & anaesthetists' fees	In-patient physicians' & specialists' fees	Miscellaneous in-patient & out-patient fees	Out-patient specialists' fees	All benefits
	£million	£million	£million	£million	£million	£million
1977	32.4	15.1	2.8	4.5	9.8	64.7
1978	33.5	15.9	2.9	5.1	10.3	67.7
1979	40.8	20.0	3.8	6.3	12.9	84.0
1980	59.7	30.9	6.5	10.6	20.0	127.6
1981	90.7	47.9	9.7	16.4	30.5	195.1
1982	109.5	63.6	11.2	20.9	39.7	244.9
1983	131.1	73.8	13.7	25.2	47.4	291.2
1984	154.9	82.4	12.8	38.9	51.9	341.0
1985	188.6	96.9	16.6	49.3	63.4	414.8
1986	205.2	107.2	18.9	61.1	72.5	464.8
%	%	%	%	%	%	
1977	50.2	23.3	4.4	6.9	15.2	100
1986	44.1	23.1	4.1	13.1	15.6	100

Source: Laing's Review of Private Healthcare

Medical insurance

Premium rises slow down

AN ESTIMATED 5.309m people, or 9.4 per cent of the UK population was covered by private medical insurance at the end of 1986, according to Private Health Care 1987.

The report, edited by Mr William Laing, said the number of people covered increased by three per cent in 1986 over 1985, a similar rate of annoal growth to that recorded since the end of the 1979-81 dramatic increase in enrolment of new subecribers.

In 1987 however the market may have grown slightly more than three per cent according to British United Provident Association (BUPA) and the Western Provident Association (WPA) which along with Private Patients Plan (PPA) dominate the medical insurance sector with about 86 per cent of subscribers.

Overall, UK provident and commercial insurers earned an estimated £612m in subscription income in 1986, 18 per cent up on 1985 and paid out £513m. in benefits, which was 13 per cent more than in 1985.

According to Private Health Care 1987, subscriptions per person insured rose by 15 per cent in 1986 to £120. The report said: "Thus 1986 was the fourth year in succession in which the price of medical insurance increased by substantially more than the rate of inflation."

According to the report about one third of the price increase was due to increased margins, as insurance providers sought to reduce the ratio of benefits to subscriptions below the historically high level of 88 per cent in 1985. Other factors may have included the continuing increase in frequency of claims by subscribers and continuing increases in hospital and specialists'charges.

In 1987 however it appears that the inflationery pressures of the previous four years may have started to slow down with measures designed to contain treatment costs starting to bear fruit. BUPA's premiums for example rose by less than four per cent in 1987 with the provident association forcasting very small increases this year. "We have got our cost containment buttoned-up", said BUPA."

A fast area of growth has been small companies looking to provide insurance as a benefit

It is debatable whether or not a moderation in the price of medical insurance will stimulate new demand and increase subscription revenue. Mr Laing, in Private Health Care 1987, points out that an analysis of past trends, after adjustment to exclude the effect of general price inflation, suggests that though demand for medical insurance is responsive to price it may not be sufficiently responsive for subscription revenue to be increased by lower prices.

According to the industry one of the fastest growing areas for new subscriptions has been from smaller companies looking to provide health insurance as a benefit. It is estimated that while around 586,000 subscribers are individuals the rest are company purchases (1.16m) and employee purchases (391,000) where the employer provides the administrative umbrella and the employee pays. In most company purchases dependants have to be paid for by the insured person.

Income Data Services (1987) in their report on the medical insurance market said that company-paid schemes generally only covered directors, senior managers and executive staff. They noted little movement towards employers paying for other white collar staff or manual employees. The major providers offer a plethora of competitive schemes for companies such as WPA's Company Super-Cover scheme which is specifically designed for companies with more than five employees who want to provide health insurance for employees. To obtain benefits the employees' subscription must be borne by the company.

Not all insurers offer comprehensive packages with many, particularly the commercial insurers tailoring packages to exclude risks such as psychiatric care and alcoholism in order to keep premiums down.

However, Health First, formerly part of Mutual of Omaha and now part of Sun Alliance, said pressure from companies was now forcing it to reconsider its policy of not offering psychiatric care.

Cover for Aids, which can entail heavy medical expenses, is currently being debated by the industry with WPA, for example currently not paying benefits for treatment of sexually transmitted diseases.

Health First has been among the most enterprising in designing new packages aimed at specific market niches. Its Health First Life Wise Plan for example covers women for breast and cervical cancer investigation and treatment. A woman of 45 would pay £7 a month for example which would entitle her to a full refund for investigation and treatment for breast or cervical cancer.

Other policies offering selective insurance cover include Health First's Prompt Care Plan and PPP's Family Health Plan which limit re-imbursement of operations to those which cannot be undertaken on the NHS within six weeks of seeing a specialist.

The offering of such selective cover- which can substantially limit premiums- is an area being aggressively investigated by insurers, particularly those in the commercial sector. However, it is a difficult area particularly for the consumer who may not feel confident about selecting limited cover.

Lisa Wood

Majority favour health mix

WHILE PUBLIC opinion shows stroog support for the NHS, the private health care sector is keen to demonstrate that it favours the continued existence of independent medicine as well.

A survey conducted by National Opinion Polls for BUPA, Britain's largest independent health care organisation, showed 66 per cent of voters in favour of retaining a mix of state and private health provision. A minority of 28 per cent supported the idea of having only a state health service, while only 3 per cent favoured an entirely private health service.

When asked whether private medicine should be abolished, 19 per cent agreed. But 75 per cent of those interviewed disagreed.

The concept of public and private providers working together was strongly supported, with 71 per cent saying there should be more co-operation between the two sectors.

Private sector providers put considerable effort into trying to persuade public opinion that the independent sector adds to total health resources available in the UK, and cannot fairly be characterised as a drain on the NHS. Were it not for the 400,000 operations carried out in the private sector each tear, they argue, NHS waiting lists would soar to above 1m.

These private sector operations include about a quarter of all hip replacements and one-fifth of heart operations. About 15 per cent of all non-emergency (elective) surgery is carried out in independent hospitals.

There are about 55,000 beds in the independent sector. Around 10,000 of these are in acute hospitals and the remainder in nursing homes. In addition, there are some 3,000 NHS pay beds.

Contract use of the independent sector by the NHS is widespread. BUPA calculates that about 60 of the 200 private hospitals are used for the treatment of NHS patients, with about 14,000 such people a year receiving surgery and a similar number longer term care. Private hospitals are sometimes able to offer the NHS the use of diagnostic and other equipment which may not be available in state hospitals for financial reasons. London's Churchill Clinic, for instance, has recently installed new £2m magnetic resonance imaging equipment which has scanned more than 2,000 patients during its first year, about 570 of them NHS patients from throughout the country.

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PUTS PRIVATE MEDICINE WITHIN YOUR REACH

Brian Inglis argues that independent scrutiny is required to guarantee a cost-effective...

Health service, not a disease service

NOBODY IS likely to dispute that the National Health Service is in dire trouble. The political issue is, why? To the medical profession and its auxiliaries the cause is shortage of cash. Margaret Thatcher's reiterated reply is that funding has been massively increased; that the current crisis has arisen because of the open-ended nature of medical care, and consequently of cost.

The NHS was constructed on the premise that because poverty would no longer be a bar to securing the best of health care from conception to cremation, Britons would become healthier. Up to a point they did; but what had not been allowed for was that more people with genetic weaknesses were saved in infancy, and more people who were healthy survived to suffer from the disorders of old age.

This problem was intensified by the fact that for the convenience of the consultants, medical training was conducted almost entirely in hospitals. The student who was to become a GP saw patients with diseases he would rarely encounter again. He knew little about babies with croup or old ladies with the rheumatics until he 'put up his plate'.

Unluckily, too, the birth of the NHS was accompanied by the 'wonder drug' era. In the 1950s it seemed that 'a pill for every ill' was a real possibility. Doctors and patients alike became hooked on prescription drugs - as they still are. The great majority of patients leave their GP's surgery with a prescription. Antibiotics are lavishly prescribed, even for virus disorders like sore throats for which they are ineffective. Tranquillisers have collected a vast army of addicts.

Inadequate training and lack of time – the average consultation lasts less than ten minutes – has also made it impossible for GPs to do much about preventive medicine. In the past few years the importance of a balanced diet in maintaining health has come to be recognised; but as recently as 1965 the Todd Commission on Medical Education decided that nutrition was not a subject that medical students needed to study. The role of personality disorders and of stress in the promotion of disease has been abundantly demonstrated by research; but the amount of time spent by medical students on the psychosomatic aspects of their work has remained derisory.

Research here and in other countries has been showing that an effective and inexpensive way to reduce high blood pressure is to learn a simple technique of relaxation. But how many GPs have heeded these results? To judge by the amounts they prescribed of Beta-blockers, dangerous and costly, only a small minority.

Hospital costs have been mounting for a similar reason, the problem being made worse by the technological revolution. Screening and scanning, for example, require more and more funding if they are to be effective; and ironically, even if they are they may not be cost-effective.

Recently a campaign has been mounted for more comprehensive screening for cervical cancer. The impression has even been given that women who do not take advantage of the service are not doing their duty by society. Yet how many men, knowing the incidence of, say cancer of the prostate, offer themselves for routine tests?

In other cases, the ability to detect disorders has outrun the ability to cure them. Vast numbers of women have been told that as they have breast cancer, they must have mastectomy, or the even more mutilating radical mastectomy. Now, it has come to be admitted that this was a mistake. 'Lumpectomy' gives as good a prospect of survival.

Recently the decision has been taken to investigate fatalities from surgery, to discover how often they have been necessary. But by 'unnecessary' the investigators are thinking in terms of operations of the kind that are sometimes performed because, say, the surgeon feels the need to keep his hand in.

There is no similar audit to ascertain how often operations are performed for which there is no evidence of benefit, or insufficient evidence. How many hysterectomies are justified? Or heart by-pass operations?

What is needed, then is independent scrutiny aiming to provide information about what is, and what is not, cost-effective in the NHS. But at the outset, it needs to be emphasised that the fundamental basis of the service makes it more cost-effective than the alternatives which are being dangled before us - for example, an extension of private insurance to "take the load off the NHS".

"That any sane nation, having observed that you could provide for the supply of bread by giving bakers a pecuniary interest in baking for you, should go on to give a surgeon a pecuniary interest in cutting off your leg," Shaw remarked in the preface to The Doctor's Dilemma, "is enough to make one despair." That Mrs Thatcher should advocate it is the measure of her desperation.

There is nothing wrong with the principle of health insurance provided that physicians and surgeons are not thereby encouraged to prescribe treatment for their own rather than their patients' benefit. That Britain spends less on its health services that other countries is a cause for congratulation, not shame. It can do so because the disastrous system of "payment per unit of service" so widely used elsewhere, has been kept from taking over. Every extension of insurance which makes people pay for what they should be obtaining from the NHS is a retrograde step.

The crisis in the NHS can only be resolved when it is realised how unwise it was to have what has become, in effect, a national disease service. The medical profession's monopoly control of all but the purse strings has meant that all the emphasis is on the diagnosis and treatment of illness, rather than on the strengthening of our auto-immune mechanisms – the basis of good health.

All professions – Shaw, again – are conspiracies against the laity. As the medical profession's control over the training of doctors cannot easily be broken, it will continue to provide a disease service for the forseeable future. Alternative therapies are growing in popularity because they rely on stimulating auto-immunity, rather than replacing it, and eventually destroying it, with drugs, but they are expensive. Perhaps as a first step, the need is to explore the possible ways by which they can be brought into a wider health service, orienting it, belatedly, to prevention.

Alternative medicine

Doctors remain sceptical

ALTERNATIVE FORMS of health therapies such as homeopathy and acupuncture are becoming increasingly popular in Britain with some seeing them as a complement to orthodox medicine while others perceive them as an alternative.

Indeed, during the Prince of Wales' presidency of the British Medical Association (1982-83), he urged the association to look critically at modern medicine. Prince Charles stated:" Today's unorthodoxy is probably going to be tomorrow's convention."

Interest in alternative therapies was also expressed within the medical establishment at the time. A survey published in the British Medical Journal in July 1983 indicated a striking degree of interest in complementary medicines among general practitioner trainees. In a survey of 100 trainees approximately 80 per cent wished to train in at least one method and about 21 per cent had already used one."

The BMA decided that an assessment of methods was needed to avoid ignoring potentially important methods of treatment and also to gain information on what could prove to be false claims.

Its Board of Science and Education set up a working party to investigate complimentary medicine and unorthodox methods of treatment. The working party, under the chairmanship of Professor James Payne, reported back recently.

The report, which unequivocally stated its commitment to orthodox medicine, was sceptical in many cases given the dearth of scientific evidence to back up claims for the efficacy of treatment. It said;" For many therapies a formal trial would be quite inappropriate. In some cases such as aromatherapy because of the strangeness of the treatment itself, in others because the treatment was alleged to be necessarily different for each individual patient, it clearly would rule out any trial based on comparisons between patients."

"Nevertheless the report added:" In fairness to the practitioners of alternative medicine, it has to be said that many patients are comforted and may be "" healed" when under their care.

"It is also possible that among the multiplicity of techniques there are some which are genuinely therapeutic, even beyond any placebo effect. Careful study of this possibility is needed with a view to bringing beneficial techniques within the safeguards offered by a registered profession."

Individual therapies such as acupuncture- a discipline performed by many general practitioners- were singled out by the report. It said :" There is a scientific basis for claims that acupuncture is effective as an analgesic. However, it is useful only in a small proportion of patients. Strict asepsis and proper training of practitioners are needed to avoid the risks of infection or organ damage. As acupuncture is an invasive procedure its practice should conform to the same ethical and technical standards as orthodox medicine."

Other treatments to receive qualified support in the report

For many therapies a formal trial would be quite inappropriate... for others, it is ruled out because treatment is individual

included hypnotherapy, manipulation, osteopathy and chiropractice.

In discussing a range of other therapies the report said: "Although practitioners of such therapies may help people to deal with their experience of illness, and be sensitive to peoples' emotional or spiritual needs, they do not necessarily respond in a systematic way to organic, psychiatric or psychosocial problems."

Nevertheless the BMA did indicate some humility in recognising the gulf between the orthodox physician and some alternative medical practitioners and that lessons could be learnt on both sides.

In discussing herbalists it said:" It may be that the formulary of the medical herbalist has something to offer, and indeed, many of our potent orthodox medicines were originally herbals.

" The medical herbalist is at fault for not assessing his drugs in terms of today's knowledge, and the orthodox physician is at fault for cynical scepticism with regard to any healing discipline other than his own."

The scepticism extends to health insurance companies which generally do not offer specific cover for alternative treatments such as acupuncture. BUPA for example, said:" We are in the main in the business of acute treatment by recognised consultants." However BUPA said that if one of its consultants prescribed acupuncture as part of a treatment it would then pay for the treatment. BUPA said that no doubt this had occurred in the past among BUPA subscribers.

Lisa Wood

Health promotion and consumer rights are the theme of the Government's recent White Paper

The challenge of changing the habits of millions

THE OPENING paragraphs of the recent primary health care White Paper set out, like a roll of dishonour, a list of health-related problems which could be avoided or reduced if more people were willing to take relatively simple steps to protect their health:

☐ cancer - most women who die from cancer of the cervix have never been screened;

☐ obesity - a quarter of young people are overweight;

☐ measles - 90,000 cases in 1986 and over 1,000 admissions to hospital;

☐ alcohol misuse - alcohol is a factor in one in three attendances by men at hospital accident and emergency departments;

☐ drug misuse - there were more than 5,000 newly-notified addicts in 1986;

☐ smoking - 100,000 deaths each year are caused by smoking, with about 50m working days lost and £400m spent in NHS treatment costs;

☐ dental disease - children under 16 have 2¼m teeth extracted and 6½m fillings each year;

☐ coronary heart disease 180,000 deaths and 38m working days lost in Great Britain last year.

The UK is being described as the Sick Man of Europe, because it has begun to lag behind most other developed countries in preventing disease and promoting good health

Objections to Government proposals to introduce charges for dental checks and eye tests have dominated initial reaction to the White Paper. But the main themes - certainly as the Government would like them to be seen - are health promotion and consumer rights.

Solutions to many health problems are in the hands of individuals. The Government, health authorities and other public bodies are actively involved in health promotion campaigns, notably in the areas on encouraging people to change to healthier diets and take more exercise. The 'Look After Your Heart' campaign in England, the 'Change of Heart' programme in Northern Ireland and 'Heartbeat Wales' are all recent examples.

The promotion of good health and prevention of illness were among the founding aims of the National Health Service, enshrined in the Act which brought it into being 40 years ago. In reality, these activities have usually seemed an insignificant sideline compared with the more mainstream, dramatic and costly activities of curing people once they are sick.

Recently, however, there has been renewed interest in health promotion. One of its attractions is that if it succeeds it can do so on a grand scale - changing the habits of millions of people and, in the long term, save very substantial resources in the health service.

Health promotion enthusiasts, who are convinced that the public can be encouraged to adopt healthier lifestyles, frequently quote the example of cigarette smoking in support of their case. Until relatively recently a majority of men and a high proportion of women were smokers. By 1984, the proportion had fallen to 34 per cent in spite of an increase in the number of outlets selling tobacco products.

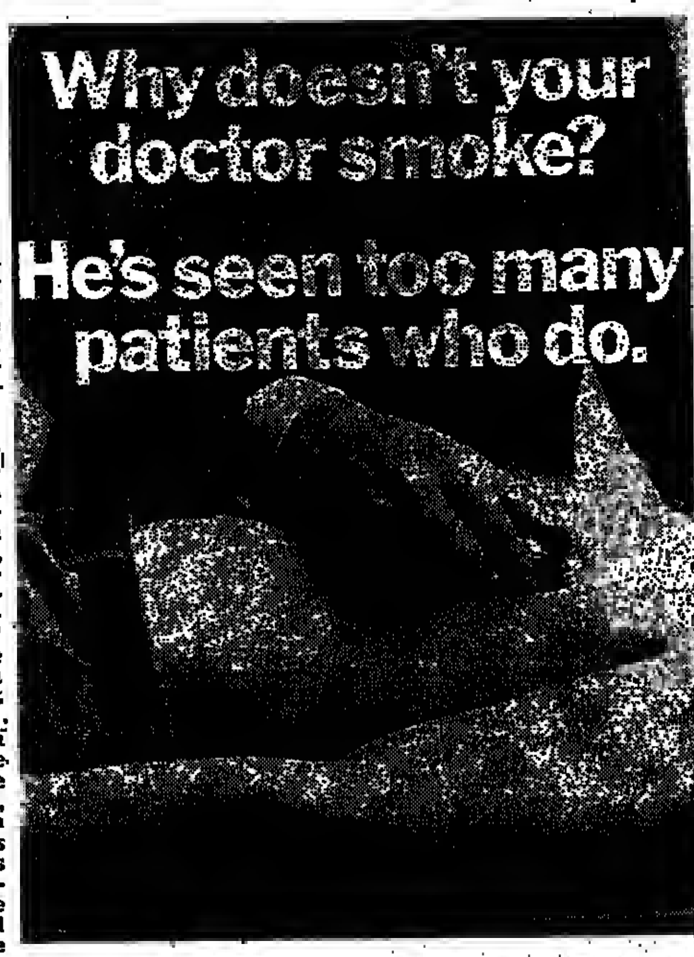
The success of some companies and industries in radically inproving their health and safety records is cited as further proof that positive campaigns can change attitudes. So too is the success of immunisation programmes.

On the bleaker side, though, the UK's health promotion record does not stand up to favourable international comparison. The National Association of Health Authorities recently described the UK as the Sick Man of Europe, saying it had "begun to lag far behind almost all other developed countries in terms of the prevention of disease and promotion of good health."

For example, said NAHA, premature deaths from heart disease, which had been reduced by up to one-third during the past 20 years in countries like the US, Finland, Australia and Canada, had at best remained static in the UK and had even increased in some areas.

The question of regional and social disparities in health remains a significant and controversial issue in the UK as - like other members of the World Health Organisation - the country tries to move towards a target of reducing health inequalities within and between nations by 25 per cent by the years 2,000.

A series of reports published during the past year have pointed to continuing health inequalities. The Health Education Council, in its last report before it was replaced by the Health Education Authority, spoke of people at the bottom of the social scale having much shorter life expectancy rates than those at the top at every stage of life, and drew attention to a widening gap in the chronic sickness rate between manual and non-manual groups.



A sample of a well-established health promotion activity – anti-smoking poster campaigns. Only 34 per cent of the UK adult population now smokes, compared with a majority a few years ago.

The Government's White Paper does not engage directly in this debate, but it recognises that many inner cities and other areas of deprivation experience a quality of primary health care provision which is poorer than elsewhere.

These deficiences can range from elderly, single-handed GPs working from seriously inadequate premises to a lack of pharmacists' shops and other facilities. Old industrial areas are particularly affected by shortages of dentists and even in inner-city areas of the South East - which has one of the highest proportions of dentists - courses of treatment per head of population are among the lowest in the country.

Many of the proposals in the White Paper and intended to help meet the special needs of deprived areas. These include plans to strengthen primary health care teams; introducing a compulsory retirement age of 70 for family doctors; offering financial incentives for GPs to employ link workers to liaise with ethnic minorities; increasing funds to improve practice premises and creating a special fund to attract pharmacies to inner cities.

More broadly, the intention of the White Paper is to use family doctors and other primary health care practitioners more positively as the "front line of health care" to promote good health. On an average day around 750,000 people visit family doctors, a similar number obtain medicines on prescription from pharmacists, 300,000 receive dental treatment and at least 100,000 are visited by nurses and other health care professionals. Nine out of ten medical problems are dealt with outside hospital, mainly by the 30,000 family doctors.

Financial incentives and other methods are proposed to encourage all these groups of health care specialists to give a higher, clearer priority to health promotion.

The White Paper repeats a quotation from a report last year by the Commons Social Services Committee. "Few, if any, commentators would disagree with the premise that the next big challenge for the NHS, and one especially for primary health care, is to shift the emphasis from an illness service to a health service offering help to prevent disease and disability."

The challenge is indeed a big one, but the health promotion message is set to become an increasingly familiar part of the UK's health vocabulary.

Alan Pike

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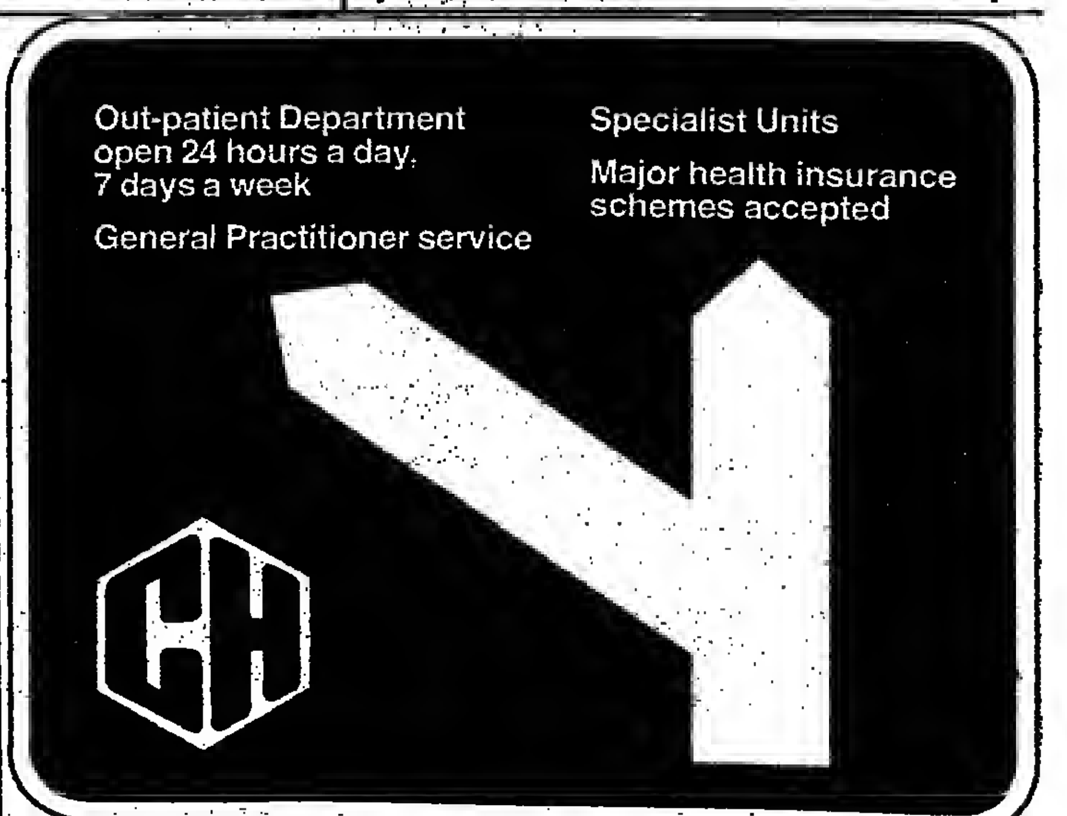

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Interest in occupational health problems is increasing

Growth area for the 1990s

THE BIG Bang followed by the Great Crash has done little for the occupational health of those in the financial services sector.

Two thirds of personnel executives in leading City companies identified stress as the main health problem experienced by those companies over the past year, according to a recent survey carried out by market research company MORI and commissioned by Bupa, the private health services organisation.

Moreover, in building societies, stockbrokers and accountancy firms, the proportion of personnel heads mentioning stress as a major health concern was some 90 per cent.

Not surprisingly, leading financial services companies have responded to this problem in various ways. County NatWest, for example, has trained medical and personnel staff in counselling employees and is considering introducing a "help line" to enable them to contact external professional counsellors in confidence.

Increased concern with stress and its effects in the City is only one aspect of rising corporate interest in looking after the health of employees. While occupational health used to be primarily concerned with maintaining a safe factory environment, it has increasingly in the 1980s been extended to cover preventive health measures.

Bupa's Fitness Assessment Unit: health checks are being increasingly adopted by companies to look after their most important corporate asset — people.

"The most important corporate asset is people," argues Mr Chris Jessop, a director of City Health Care which provides health assessment and stress counselling services to companies.

"The success of the business and the optimum use of this resource requires that key executives are healthy, fit, motivated and able to work at peak form," he adds. "Businesses simply cannot afford to lose such people, to be involved in costly replacement or to have them working at reduced efficiency."

Yet companies have in the past paid only lip service to occupational health care in its widest sense. This is in spite of the total number of working days lost through minor illnesses - often work related - totalling almost 100m, more than three times the number of working days lost through strikes in the worst year for industrial action since 1945.

One man in every four, moreover, will have a heart attack or stroke before reaching retirement age. Heart disease, the leading cause of premature death in the UK, results in the loss of 26mm working days annually, and the Centre for Health Economics has estimated that £1.3bn is lost each year due to alcoholism alone.

The problems of occupational health have been exacerbated in the 1980s by the widespread introduction of visual display units which, if wrongly sited and used, can cause a variety of health problems - such as eye damage and wrist strains - which for the first time bring office workers in line with factory employees in facing actual physical harm from going to work.

In addition, it is increasingly being recognised that offices themselves are a major cause of minor ailments — such as lethargy, headaches, sore throats, and watery eyes. A recent survey by Building Use Studies, a consultancy, identified the problem as "building sickness". It said: "While building sickness is more prevalent in air-conditioned buildings it is not exclusive to them."

The consultancy added: "The causes of building sickness may be neither mysterious nor sinister, but lie with the fact that, in many buildings, complex services are required which no one is prepared to pay for."

The Health and Safety Commission's recent annual report makes it clear that development of the occupational health services was a priority area for future development. The aim is to raise employers' awareness of occupational health issues and help them assess their needs for advice.

"There are still some very large organisations in both public and private sectors which have no occupational health service and among the rest of industry, particularly for small and medium sized firms, access for such is very rare indeed," the commission says.

Its programme concentrates on giving guidance to employers on health risks and the facilities available for tackling them, and encouraging companies to develop their own services.

While many large organisations - ranging from Marks and Spencer to the BBC - do have extensive occupational health services, the major private health organisations such as Bupa or AMI have clearly identified the provision of such schemes as a major growth sector for the 1990s.

Bupa's occupational health services, for example, are designed for companies who cannot justify having their own full-time occupational health departments. Bupa carries out an audit of a company's occupational health needs and then provides the necessary health package.

Dr Alan Bailey, director of Bupa's medical development, explains that for the past five years, Bupa has also been examining methods of estimating the "health" of companies.

"Our method is designed to provide health management information, based on examinations of employees, for use by the appropriate departments to help improve corporate health," he says.

One widespread preventive measure increasingly being adopted by companies is the health-check. This involves a series of tests which can reassure an employee as to his or her health status, or act as an early warning system for potential health problems.

A relevant medical health assessment, points out Mr Jessop from City Health Care, would include: a review of personal and family medical history; a urine and blood test; height, weight, and body fat measures; measurement of lung condition and performance; blood pressure readings; and executive stress tests.

"Preventive health care counselling would focus on those areas most relevant to the individual and could include discussion and plans on areas such as appropriate exercise, improved diet, or reduced smoking or alcohol intake," he says.

The growth of health-check schemes, however, has led to some concern among the leading private health operators about a lowering of standards from new companies offering such services. Mr Bob Graham, Bupa's chief executive, has written to Mr John Moore, the social services secretary, suggesting that "monitoring is essential to control quality and to maintain uniform standards."

He added: "This must be undertaken in both the private and state sectors either by a statutory body or by the health service itself."

Not surprisingly, the growth of interest in occupational health has given fresh impetus to traditional health farms and clubs which are now increasingly used by business executives.

Growth in demand has led to the recent opening of a new £3.5m health and fitness centre at the Barbican development in London. The centre is owned by the Health and Tennis Corporation of America, operators of the world's largest chain of health and fitness clubs.

David Churchill

"Pharmacists are the only health professionals who see a majority of people when they are fit and this makes them well placed to carry out health promotion activities"

Pharmaceutical Services

Chemists seek expanded role

COULD QUEUES in doctors' surgeries be reduced and pressure on hospitals eased, at the same time as saving the taxpayer money?

The answer 'yes' may appear improbable but Britain's pharmacists say it is the correct one. If better use were made of their professional services, they believe, pressure on other areas of the health service could be relieved and cash released for under-funded activities.

"It costs the system £6 every time someone goes to see a family doctor and £60 when they walk through the door of a hospital. When someone goes into a high street pharmacist it costs nothing," says Mr Alan Smith, chief executive of the Pharmaceutical Services Negotiating Committee.

The committee represents the 10,500 NHS community pharmacists in England and Wales, and negotiates their rates for dispensing medicines and providing other medical services like fitting appliances with the Department of Health and Social Security.

Appearances can be deceptive as you look around your local chemist's shop. The shelves of cosmetics, toiletries, photographic materials and other goods may suggest that dispensing prescriptions and selling medicines is a fairly unproductive sideline to straightforward retailing.

But 70 per cent of the average pharmacist's sales are medicines. About 33,000 items a year are dispensed in a typical pharmacy. Dispensing even accounts for 16-18 per cent of the annual activities of Boots, which is a major retail chain as well as Britain's biggest chemist.

Moreover, Mr Smith adds, it is from dispensing and other medical activities that pharmacists gain their job satisfaction. "People do not take a four-year degree course because they want to spend their time selling shampoos and tooth-paste."

The association is campaigning for pharmacists to be given an expanded role, believing this would fit logically with the emphasis which the Government wants to give to health promotion and the prevention of illness.

Chemists shops are conveniently and widely located and people can consult a pharmacist without appointment or fuss. "Pharmacists are the only health professionals who see a majority of people when they are fit, and this makes us well placed for carrying out health promotion activities," says Mr Smith.

The association wants to persuade its members to give greater space in their shops to medical activities, so that discussions and counselling could be carried out in a more discreet atmosphere than the present over-the-counter consultations. But it says this depends on the Government being willing to support the concept of an expanded role.

Pharmacists should, believes the association, be in a position to:

- carry out tests in areas like weight, blood pressure, cholesterol levels, pregnancy and fertility, and provide health information;
- make home visits to housebound people and the disabled and develop relationships with local nursing and residential homes;
- formalise the existing arrangements under which some 100,000 prescriptions a year are dispensed voluntarily outside normal working hours, so that all patients have guaranteed access to a pharmacist 24-hours a day;

The association also believes that the range of medicines thet pharmacists are permitted to make available to the public without a doctor's prescription should be increased. It says that in the last 20 years only three medicines have been added to the list of items which pharmacists can prescribe and it wants it expanded, particularly to include preparations for asthma and eye and bacterial infections.

Pharmacists willing to take on the expanded role, says the association, should be rewarded by payments from a Good Practice Allowance based on the range of facilities and services available in individual pharmacies.

Although this would increase NHS spending on pharmacy services, the association says it would more than pay for itself through savings up the line - family doctors would have more time to carry out minor surgery, as the Government is proposing, and both hospital costs and waiting lists would be reduced. The pharmacists claim that they also save the NHS more than £100m a year through prudent drug purchasing, and believe some of this money should be invested to expand their health promotion activities.

The notion of an expanded role is accepted in the Government's primary health care White Paper. It speaks of pharmacists contributing to health education, commissioning research into how advisory and information services could best be provided in pharmacies and making additional funds available for continuing education and in-service training for pharmacists.

But this good news is tempered by corresponding statements in the White Paper that the developments will come as soon as resources permit, in due course and at an appropriate time. The pharmacists do not expect too much to happen too soon, and are continuing with a campaign to to convince the public that they could be getting a priceless gift - better health - out of their local chemist's shop.

Alan Pike

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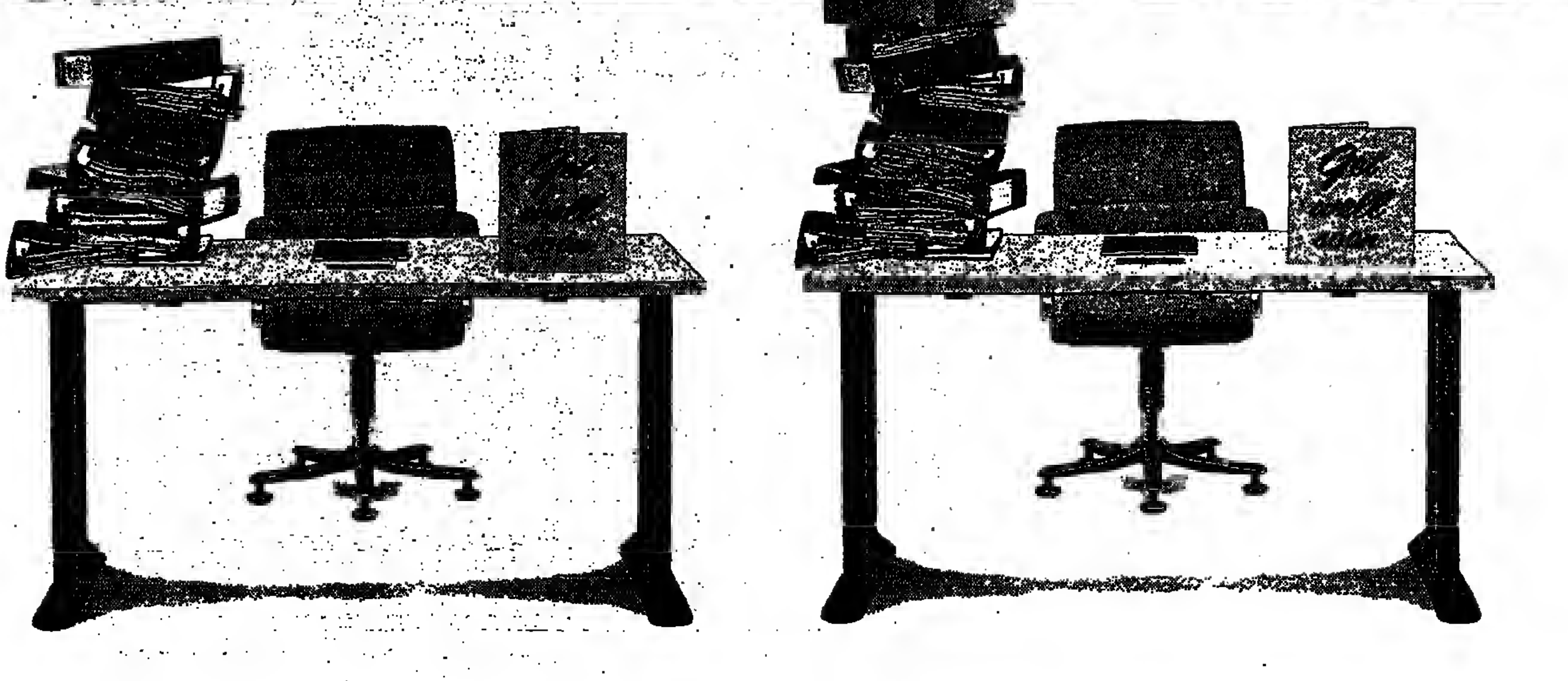

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Margaret Van Hattem recounts her experience of brain surgery at Bart's

Boning ducks in the Cabbage Patch

IT WAS when I caught sight of the surgeon's green wellingtons that mild panic set in. I was prepared for a certain amount of mess in the operating theatre. I had not thought we'd be ankle-deep in it...

The patient was already enveloped in moss green cloth, only a small pink curve of shaven head protruding, and this was being swabbed down with sepia fluid. The surgeon injected something (air?) under the skin, which bubbled up like bubble gum, and then he made the first incision. "This is not so bad," I said to myself two deep breaths later, as he lengthened the cut, "rather like boning a duck," as he pared the flesh back from the skull, "just basic carpentry, really," as he took up the silver hand-drill and started boring a series of half-inch holes through the skull, "any experienced DIYer could probably do it," as he took up a sawtoothed wire and linked the holes, carefully removing a flap of skullbone, thin and delicate as a crab shell...

I'd had a tumour removed from my own brain a few months earlier, so I was naturally curious to see for myself what exactly they'd done to me, and perhaps glean a clue or two as to why my mind had sometimes been erratic since, with curious audio-visual hallucinations. And at St. Bartholomew's Hospital, in London's Smithfield, consultants are used to an audience of students when they operate. So mine, regarded by many who work with him as one of the leading neuro-surgeons in Britain today, had no objection to my watching him perform an operation similar to the one he'd done on me.

This one was on 13-year-old Terry, whose sight was threatened by a tumour pressing on his optic nerves; the trick would be to remove enough of the tumour to relieve the pressure and restore the sight, but to avoid damaging the brain with consequent risks to the boy's sight and his chances of regaining consciousness.

"Just like sweetbreads," I thought, as I peered over the consultant's shoulder. He seemed to be fiddling, and probing and parting and peering endlessly through a small microscope/camera, which projected the proceedings, much magnified and in vivid colour, onto a television screen, through which video recordings could be made.

Whether the video recordings of operations are for the benefit of students, litigants, or the surgeon's own records, I never discovered. But I was much struck by the contrast between this space age paraphernalia and the array of equipment monitoring the patient's various functions and organs, on the one hand, and, on the other, the battered shabbiness of the more basic surgical instruments.

Some of these had to be washed and resterilised during the operation because there were not enough to go around and some of the instruments actually fell apart and had to be discarded, because they were so old.

I also recall thinking: "Spending cuts or no spending cuts, this is really taking economy too far." This was when the surgeon started carefully sweeping up the tiny chips of bleeding bone produced by the drilling of the holes and setting them aside. But later all was made clear.

The operation, only the first of three for this consultant that day, had lasted more than four hours before he was satisfied and ready to pack up again. Out came the bone chips, which were mashed into a pinkish paste and, as the flap of skullbone was sewn back into place, this was used to fill the remaining cracks, gaps and cavities. Apparently, the tiny bone fragments coalesce into a sort of living polyfilla, which, in time, knits the skull together again, though not

Instruments actually fell apart and had to be discarded, because they were so old

smoothly enough to disguise all the bumps. Today, I am able to relate what I saw in the operating theatre that day to what had happened to me a few months earlier, simply by feeling for the still distinct holes in my own skull.

My own experience began with a numbness in the left arm and hand and an evil droop on the left side of the face, which so alarmed my colleagues that they rushed me off to Bart's casualty ward. After a wait of less than half an hour, I was taken off to a side room and put through about six hours of examinations and tests: they stuck pins into me, tickled my feet, brushed me with cotton wool to test for sensation, shone lights in my eyes, tested my hearing, my balance, my reflexes, my eyesight, and finally told me to stop worrying that I might be wasting their time, because something was seriously wrong. Four days later, I was wheeled into the operating theatre.

"You do realise," asked the registrar solicitously, as he held up a consent form for my signature, "that an operation on the brain carries triple the risk to your life?" Whether he expected me to withdraw consent and learn to love my brain tumour I never did discover, for the next few days dissolved into a foggy haze of which only a few disconnected memories remain. Gradually, however, the faces of the nurses became clearer.

The W.G.Grace (neurological) ward at Bart's is known to the irreverent on the staff as the Cabbage Patch. Speaking as a former cabbage, I have only the warmest gratitude for the gardeners. The constant care and attention is not unlike that offered in those most elegant of restaurants, where you barely notice the waiters, but food and drink appear, as if by magic, when you are ready for them. The Bart's nurses are endlessly patient, affectionate and attentive, even with the most exasperating patients — the incontinent, the confused, or the just plain cantankerous — but also turn a welcome blind eye to those lucky enough, when they are better, to have friends who smuggle in small champagne bottles and other temptations.

Although the operation had left me temporarily paralysed down one side, so that I had to learn to walk again, I have to confess that I found my time in hospital curiously enjoyable. Friends began to worry seriously about my mental state, when I said the food was delicious, but actually it was not bad at all. I was not the only one in the ward who began inadvertently referring to the "hotel" rather than the "hospital."

If I have reservations, they arise mainly from the, what seemed to me massive, amounts of drugs that were prescribed, without some of their adverse side effects, including the difficulty of coming off them again, being fully explained to me, despite some fairly persistent questioning.

The entire treatment programme: 4 to 5 hours in the operating theatre, 4 weeks in hospital, 6 weeks of daily physiotherapy sessions, 30 radio therapy sessions (with wig to cover the resulting baldness thrown in) and continued monitoring as an out-patient with regular brain scans and blood tests - will have cost the NHS an estimated £6,000, says Jan Filochowski, the hospital's general manager.

The same treatment in the private sector would have cost getting on for half as much again. Moreover, it would not have been available at Bart's. In keeping with its 900-year tradition as a charity hospital, there are no pay beds to cater for private patients.

Filochowski confirms recent reports that the hospital's running costs exceed its £40m annual budget, and that, as a result, it is operating at 80 per cent capacity: with space for 750 beds, it has staff and funds for only 600 or so.

The hospital has had to cut back on some of its services, restrict the catchment area from which it will accept referrals from GPs and delay its maintenance and building programmes. None of the original hospital, founded in 1123, remains, but much of the present structure is more than 250 years old and in need of structural reinforcement and general refurbishment.

Space-age paraphernalia at Bart's." He seemed to be fiddling, and probing and parting and peering endlessly through a small microscope/camera, which projected the proceedings, much magnified and in vivid colour, onto a television screen."

But Bart's most urgent problems stem from the difficulty in attracting and retaining staff. The hospital employs about 3,000 people, including 150 to 200 consultants and more than 1,000 nurses, as well as auxiliary and clerical staff. The problems arise less with doctors and consultants, who compete for places in an institution of such high repute, says Filochowski, and can supplement their incomes by private sector work, than with the nurses and medical secretaries. Their wages are fixed according to national guidelines which take insufficient account of the added cost of living in the capital or of the significantly higher pay on offer in the private health sector and the City. As a result, many of the Bart's-trained nurses go elsewhere, while the hospital has to make do with the more expensive and less dedicated nurses from various private agencies. And many of the best secretaries slip a few hundred yards down the road to the City, leaving the consultants lamenting that they would increase their effectiveness threefold, if only they could get a really top secretary.

But proximity to the City has its benefits, too. Among the many fund-raising projects initiated by the hospital's managers, to supplement inadequate government funding, is an investment competition (dreamed up by a former cancer patient with a prominent position in the Square Mile). The dozen or so companies taking part have started with a stake of £25,000 each, the one earning the highest return on its investments winning a trophy and the honour of donating its prize-winning return to Bart's. (And, who knows, the participants may feel moved to kick in their original stake as well.)

Incidentally, Terry has totally recovered his sight and is doing fine. And friends and colleagues tell me I am not noticeably crazier than I was before.

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Industrial relations

Unprecedented challenges

IN THE aftermath of the extensive publicity of the brief protest strike by fewer than 40 nurses in Manchester, it may seem odd to suggest that the National Health Service seems today less than ever at risk of serious disruption by any group of its workers.

Yet such a contention can be made with some confidence in spite of constraints on staffing and pay, in spite of the pressures of competitive tendering and in spite of threats to national bargaining structures.

For while the NHS faces these unprecedented challenges on the industrial relations front, there is at the same time an arguably unprecedented determination to meet such challenges in negotiation.

The labour relations climate in the NHS is highly influential: quite apart from the workforce being the UK's biggest, hospitals are now the largest workplaces in a majority of parliamentary constituencies.

That the climate is relatively stable — Manchester-type local protests notwithstanding — is probably attributable to two main factors: the repercussions of the 1982 nurses' pay dispute and the failure of the more recent attempts by the unions to see off competitive tendering by striking.

The nurses' dispute led directly to the setting up in 1983 of their pay review body. Although the Government has not always implemented the review body's recommendations in full, the net results are seen by the trade unions as preferable to annual bargaining against a cash limit.

Equally important, the post-dispute period has witnessed the rapid growth of the Royal College of Nursing, with 265,000 members, easily the biggest union outside the TUC.

ONE OF the most pressing problems facing NHS managers in the coming year will be how to maintain the 500,000-strong nursing workforce.

Demographic trends, in the form of a sharp fall in the number of school-leavers, are predicted to leave the profession short of 3,000 recruits a year by 1995.

If the proposed Project 2000 reforms of nurse training go ahead, cutting the workload of student nurses, the shortfall could be as much as 16,000 or more than half the required intake.

The Government hopes a forthcoming revision of the nurses' pay structure will help cut the loss of trained staff: at present, there are 1.4m registered nursing practitioners, the majority of whom are not practising.

In addition, however, there is a growing consensus that non-pay measures must be taken to improve recruitment and retention, including much wider use of job sharing, part-time work and flexible hours and steps to attract more male trainees.

The college, which has a no-strike rule, claims to be setting the trend for a whole new approach to trade unionism. While this may be an over-statement, there is no doubt the college's techniques of swaying public opinion have influenced the other NHS unions.

These unions were also influenced, and in some cases damaged, by the strikes against the compulsory competitive tendering regime introduced in NHS ancillary services in 1983 — in particular, the lengthy disputes at Barking Hospital, east London, and Addenbrookes Hospital, Cambridge.

As a result, the unions now concentrate on working with hospital authorities to keep work in-house and keep the contractors out, even if that means accepting pay cuts. Where contractors do get a foothold, the unions now look for a recognition agreement.

Indeed, the unions' growing success in winning agreements with leading contractors like Mediclean raises fascinating questions about how far they may go with companies working both inside the NHS and in the private sector.

However, having said that NHS workers are in no mood to take to the streets on a broad front, it should be acknowledged immediately that they have recently been doing just that at local level in Manchester, over a threat to nurses' unsocial hours payments, and in Coventry, over spending cuts.

The Coventry protest, reminiscent of the 1982 nurses' dispute, saw workers from several factories joining a half-day strike and march by NHS staff in a forceful show of feeling against bed closures and the transfer of an entire hospital to a housing association.

Such incidents have demonstrated precisely how the emotive NHS funding issue remains capable of provoking disruption at local level. And as the Manchester walkout demonstrated, rank-and-file pressure for action can be strong.

The topic with most potential to sour NHS industrial relations — if not cause strikes — remains pay: pay restraint, pay equality and pay flexibility.

Restraint. In the world outside the pay review bodies, the Government's cash limits have been barely dented. Six per cent increases in 1986, 5 per cent in 1987, probably less again this year. Among ancillary workers, laboratory technicians, white-collar staff and ambulance crew, the strains are starting to show.

Ambulance crew, admittedly, won a radical deal in 1985-86 when they moved to salaried status and had their extensive overtime payments bought out. At the heart of the deal was the idea that crew would agree productivity improvements at local level and would attend off-the-job training to learn paramedical skills.

Already the idea has hit the rocks, union leaders telling their members to end co-operation because the Government has refused to maintain the value of the salary against that of a fire-fighter.

Equality. One group to break through the cash limit in recent months has been speech therapists. The overwhelmingly female profession has been offered a revised pay structure, raising typical scale points by up to 20 per cent, after three therapists brought a test case claim for equal pay for work of equal value. More than 1,200 of their colleagues followed suit.

The Government is continuing to try to fight the claim in the courts on grounds that the 1984 equal value legislation does not apply to the NHS because of special regulations governing its pay rates.

If this defence fails, the NHS will be particularly vulnerable to the equal value law and the unions threaten to use it on a broad front to boost the pay of women workers, who make up the overwhelming majority. The National Union of Public Employees believes nurses could win rises of up to £2,000 a year by comparing their work with that of, for example, male NHS electricians.

Flexibility. At the same time as it is trying to hold down NHS pay rates in general, the Government is attempting to introduce greater flexibility into wage and salary structures.

A revised grading structure for nurses is about to be priced by their review body and should, in theory, offer better rewards for those with higher skills. The Government may also press the review body to consider regional pay variation.

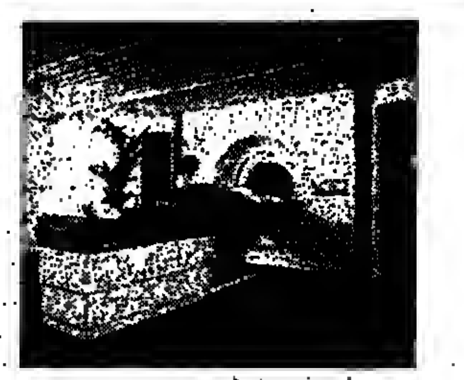
What many nurses will not stand for, as the Manchester episode showed, is savings in areas like unsocial hours payments to finance pay improvements elsewhere.

Meanwhile, 2,000 NHS managers are now to be rewarded according to their performance; about 1,200 computer staff in south-east England are now eligible for special pay supplements; and proposals are on the table for variation of the pay of administrative and clerical staff according to individual skills and local labour market conditions.

Surprisingly, perhaps, the Government did not attempt to force the issue on the latter proposals when union leaders rejected them last autumn. A straightforward 5 per cent rise was agreed instead.

However, all the signs are that the drive for greater flexibility has lost little of its momentum. It is certain in 1988 to run up against tough resistance across the bargaining table — if not on the picket line.

David Brindle



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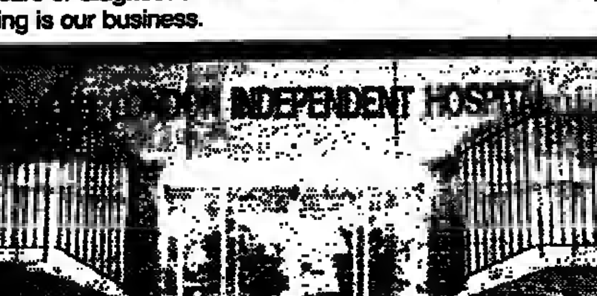

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Midlife crisis for NHS

from page 1

many reviews of NHS funding now in progress, health care in Britain faces some expensive pressures between now and the end of the century.

Advances in medical technology create demands for new treatments. Life-expectancy rates, although showing a steady increase, have *not* improved as much in the UK as in most other developed countries. There will be pressure for greater investment in health promotion and the prevention of illness - a central theme of the Government's recent primary health care White Paper.

The proportion of old people in the population, who make particularly heavy demands on health provision, will have doubled between the foundation of the NHS in the 1940s and the end of the century. The pressures which AIDS will make on health budgets remains a matter for frightening speculation.

Another fundamental issue this year - and one involving the full range of public and private sector agencies - will be the future arrangements for the care of elderly, mentally ill and mentally handicapped people. A report on the subject by Sir Roy Griffiths, managing director of J Sainsbury and deputy chairman of the National Health Service board is due shortly.

Government policy since the 1970s has been that such people should be cared for in the community rather than hospital wherever possible. This has been accompanied by a major growth in private sector care through supplementary benefit funding. New mechanisms for funding community care could become a test-bed for other areas of the health and welfare system.

In spite of the many recent reports of shortcomings and crisis in the NHS, opinion polls continue to show strong public support for the service - although the pro-market Institute of Economic Affairs says the outcome would be different if pollsters gave the public more information about costs and alternatives.

A turn-of-the-year review of the politics of health care by the Association of the British Pharmaceutical Industry concluded that the NHS is likely to prove more enduring that the recent debate about its deficiencies may suggest.

Bevan's early optimism may yet prove justified. But the possibility of change is greater than at any time in the past 40 years. One basic reason for this, as the pharmaceutical association's report points out, is that relatively few people now recall what health care was like prior to 1948. "The NHS no longer has the advantage of being compared in most people's minds with a previous system remembered as being considerably inferior."

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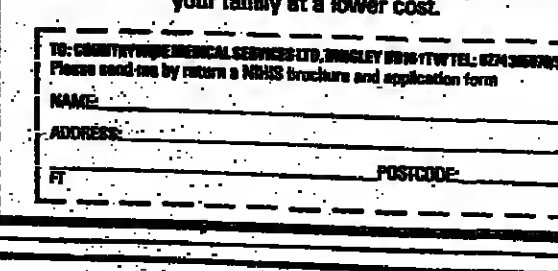

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Atlantic Richfield poised to launch Britoil counter-bid

BY MAX WILKINSON, RESOURCES EDITOR, IN LONDON

ATLANTIC RICHFIELD, the US oil company, gave a strong signal yesterday that it was considering a counter-bid for Britoil as British Petroleum announced the terms of its £2.27bn ($4.13bn) offer for the UK oil exploration company.

Arco announced early yesterday that it had increased its stake in Britoil to 23.73 per cent, buying shares in the market at above the 450p per share offered by BP. It was felt that Arco may have continued buying discreetly later yesterday.

BP, which already owns 29.8 per cent of Britoil, is offering shareholders the option of 450p in cash or one BP share and 190p in cash for each Britoil share. The market reacted at first by depressing Britoil's share price to 451p, down 14p on Wednesday's close, but speculation about a counter-bid pushed the price to 459p by the end of the day.

BP's offer represents an increase of 140 per cent on the value of Britoil's shares on December 7, the day before BP made its first move by buying 14.9 per cent of the stock at 300p.

The smaller company, which has rejected BP's offer as a gross undervaluation of its assets, will be issuing a detailed defence document in about a week's time.

Arco has steadily raised its holding in Britoil since mid-December, when it made an agreement with the Glasgow-based company's management intended to rescue it from BP's clutches. Under that, Arco would have bought 29.9 per cent of Britoil in the market and then obtained another 20 per cent of the equity in exchange for Arco's non-US oil and gas assets.

The Takeover Panel, which supervises British bid activity, indicated that this was unlikely to be acceptable unless it were the prelude to a full bid.

Both BP and Arco are waiting to see whether the UK Government will make any further attempts to block a takeover. The Treasury has said it will use its special share in the formerly state-owned Britoil to prevent a transfer of control.

This so-called golden share, created in 1982, allows the Government to outvote all other shareholders in the event of a takeover.

BP says this will not prevent it making an offer for 100 per cent ownership. The offer could be withdrawn, however, if the Government decided to refer the bid to the Monopolies and Mergers Commission or indicated that it would refuse to transfer Britoil's North Sea licences to BP.

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GM debt rating lowered

BY RODERICK ORAM IN NEW YORK

MOODY'S INVESTORS Service, the US debt rating agency, yesterday downgraded about $54bn of outstanding debt of General Motors and its guaranteed subsidiaries, mainly General Motors Acceptance Corporation, citing concern that the car maker would continue to lag behind the performance of its competitiors.

The rating for such GM issues as Eurodebt, senior notes and debentures and GMAC's grantor trusts were cut to Aa3 from Aa1. GMAC's subordinated debt was cut to Aa2 from A1. GMAC's commercial paper retained its Prime-1 rating.

In practical terms, the lower ratings will not add substantially to GM's cost of borrowing, corporate bond traders said. Moody's said GM "was not likely to recover its former dominance of market share.

Despite these intermediate problems, Moody's still considers GM "a formidable competitor with large market shares."

James Buchan in New York examines the company with a knack for attracting billion dollar lawsuits

Cracks spread in Texaco plan to escape bankruptcy

IN THE WINTER of 1978-79, Iran sunk into revolutionary chaos, its oil production was interrupted and world-market prices of crude oil rose sharply.

Over the next two years, spot prices of oil tripled from just over $12 a barrel to a peak of $38, before collapsing again.

But Saudi Arabia, the world's largest exporter of oil and the country with the largest reserves, was concerned that the price spiral would cause chaos among oil consumers, as had occurred during the oil crisis of 1973 and 1974.

From 1979-81, Saudi Arabia opened the taps and produced at near capacity levels, while keeping official prices lower than the market.

These were wonderful years for the US oil companies which were partners in the Arabian American Oil Company, the venture which produces and sells the bulk of Saudi oil.

The partners – Exxon, Chevron, Texaco and Mobil – bought the oil at discounts to world market prices of up to $6 a barrel.

According to industry executives, they sold the oil on to their affiliates in Europe which booked large profits in selling refined products.

At the time, it was known as the Aramco Advantage and it made other oil companies furious.

But on Wednesday, the Advantage came back to trouble the strong companies in the consortium and to threaten the very existence of the weakest, Texaco.

Late that day, Texaco dropped a bombshell. The crippled company, which must already put up about $5.5bn to escape from a bitter and enervating bankruptcy case, said US tax authorities had warned it might have to pay up to $6.5bn in back taxes, much of it arising from the Aramco Advantage.

According to Texaco and tax lawyers, it appears the IRS is attempting to argue that the Aramco partners should have booked the profits arising from the Advantage to their US companies.

The "cumulative audit claims," if they are presented to Texaco's bankruptcy court, have the potential to destroy the fragile $5.5bn agreement between Texaco, its creditors and many stockholders to lead the company out of bankruptcy.

Big cracks have already appeared in the united front with the attempt by Mr Carl Icahn, the takeover specialist who is Texaco's chief stockholder, to file his own bankruptcy reorganisation plan which will strip the embattled company of defences against takeover.

Texaco says it has provisions in its balance sheet to meet certain tax liabilities, but not "possible new IRS claims with regard to crude purchases from Saudi Arabia in the 1979-81 period".

The oil industry and stock market remain sceptical. Exxon, Chevron and Mobil all say they know nothing of any additional tax liability through the Aramco Advantage.

Industry executives believe that the IRS should accept that tax was paid by the European affiliates.

On Wall Street, theories abound. Lawyers say that the IRS has had to "throw everything it's got" at Texaco in time for a key court hearing on Friday week to preserve the right to future – possibly smaller – claims against Texaco

But Texaco is a company which has a fatal ability to attract billion-dollar adverse judgments. Wall Street does not like to be reminded of it, but it once scoffed at a little lawsuit brought against Texaco by Pennzoil. The suit produced a $10bn award of damages and drove Texaco into bankruptcy.

Texaco stock, which was soaring this week in response to Mr Icahn's efforts to open the company to takeover, was suspended on Wednesday, but tumbled $2½ to $38 in early trading yesterday.

Chemical Bank loses $853m

BY ANATOLE KALETSKY IN NEW YORK

CHEMICAL NEW YORK, the fourth largest US bank holding company, made net profits of $229.6m or $3.83 a share in the fourth quarter but lost $853.7m or $16.68 a share for 1987 as a whole.

Chemical's fourth-quarter profit was almost double the $127.2m or $1.92 a share reported a year earlier, but most of the improvement was due to a one-time gain from the conversion of some of the bank's pensions obligations into an annuity contract.

The pensions gain was $126.4m at the pre-tax level and there was a further $25.6m gain from the sale of Chemical's factoring business.

After offsetting losses from the sale of certain venture capital properties, Chemical's special gains came to $131.4m before taxes in the fourth quarter. In the same 1986 period, total gains were $65.3m, mostly from the sale of property options.

Chemical's underlying business improved modestly in the fourth quarter.

Interest income was up 26.7 per cent for the quarter, at $639.6m, and 12.4 per cent higher, at $2.249bn, for the year as a whole.

However, these increases were due entirely to last year's acquisition of Texas Commerce Bancshares. Excluding TCB, interest income was flat in the last quarter and down 4.4 per cent for the year.

Interest income was reduced by $27m in the last quarter and $103m in the year by Brazil's suspension of interest payments.

●Bank of New York, the growing regional bank group which is enmeshed in a hostile takeover bid for Irving Bank, had net income of $45.9m or $1.24 a share in the fourth quarter, compared with $38.5m or $1.12 a share the year before.

International Paper jumps to $407m

BY OUR FINANCIAL STAFF

INTERNATIONAL PAPER, the world's largest paper maker which also produces wood products for the building industry, reports a rise in fourth-quarter net profits to $125m or $1.14 a share, up from $113m or $1.06 in the same period a year before.

This brings the total net figure for 1987 to $407m or $3.68 a share, compared with $305m or $2.89 for 1986. Figures for 1986 include pre-tax gains of $41m on the sale of the company's New York headquarters building and $32m on an offering in its IP Timberlands subsidiary. These were offset partly by a $31m pre-tax charge to cover a reserve for staff relocation and other expenses.

Revenues for the year rose from $5.5bn to $7.8bn after a rise from $1.9bn to $2bn in the fourth quarter.

International Paper attributed the strong performance to the acquisition in 1986 of Hammermill Paper, strong pricing and the fall in value of the dollar.

DEC rises 22% on lower taxes

By Our New York Staff

DIGITAL EQUIPMENT, which is today expected to announce an important technology pact with Apple Computer, earned $329.5m or $2.48 a share in the latest quarter, compared with $269.9m or $2.02 a year ago.

Most of the improvement was due to a lower tax charge – Digital's second-quarter pre-tax earnings increased by only 1per cent to $429.5m from $423.8m a year ago.

Although net profits were 22 per cent up on the year-earlier level, the results confirmed a marked deceleration in the company's recent spectacular growth rate. Sales were also up 22 per cent in the quarter, from $2.27bn to $2.78bn.

Mr Kenneth Olsen, president, said: "We are gratified that revenues continue to grow at a rate which indicates market share gains. Business overall is firm and our international business remains quite strong."

DEC was one of last year's highest-flying stocks.

Securities directors quit in merger row

BY CLIVE WOLMAN IN LONDON

MR BRIAN WINTERFLOOD, one of London's leading equity market-makers and a founder of its unlisted securities market (USM), resigned on Wednesday evening as a director of County NatWest Securities. He had been given an ultimatum over the firm's reorganisation plans following its merger with securities firm Wood Mackenzie.

Mr Stephen Raven resigned as deputy managing director of the firm at the same time, only eight months after being recruited from another broker, Warburg Securities.

The resignations bring to a head the conflicts within the bank which have been simmering since its proposed merger with Wood Mackenzie was announced last month .

Mr Winterflood was confronted on Wednesday evening by Mr Charles Villiers and Mr Jonathan Cohen, the two chief executives of National Westminster's investment banking and securities arms, and Mr John Chiene, of Wood Mackenzie. Mr Chiene is to become executive chairman of the securities subsidiary on completion of the merger on January 22.

Mr Winterflood was asked to drop his objections to plans to redeploy his 85-strong team of market-makers. When he refused, he was told he would have to resign, leave the building that evening and not return.

The plans are expected to lead to redundancies among the market-makers. But Mr Cohen said yesterday that the total redundancies in the securities firm, arising from the merger and reorganisation, would be in the tens and not hundreds. Many people would be offered jobs elsewhere in the NatWest banking group, he said.

Mr Winterflood also objected to the proposal to break up his market-making team and redeploy them in small teams working with Wood Mackenzie market-makers, salesmen and sales traders covering the same specific sectors. Such a restructuring is expected to lead to more power with the central management team, led by Mr Chiene.

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The modification requires the consent of Warrantholders by extraordinary resolution represented at a meeting of Warrantholders to be convened as soon as practicable. Notice of the Warrantholders' meeting will be announced in this newspaper. Clarkson Holdings Limited, a wholly owned subsidiary of Elders IXL Limited which holds approximately 75 per cent. of the Warrants, has indicated that it will approve the proposal.

Dealings in the Warrants will commence on 18th January, 1988 as previously announced and all other terms of the Warrants remain unchanged.

The existing definitive Warrant certificates will continue to be valid subject to the modification.

The Stock Exchange of Hong Kong Limited has indicated that it has no objection in principal to the proposed modification of the Warrants.

By order of the Board

15th January, 1988

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Stephen Fidler on proposed changes to UK loan transfer rules

Emerging markets under threat

NEW RULES proposed by the Bank of England on the transfer of loans by banks would significantly hinder the development of several important markets, including that for international syndicated loans, British bankers believe.

"The rules proposed are likely to stifle many of the emerging markets," said one UK banker who is critical of many of the elements in the proposals, made in a consultative paper issued in December.

Banks are increasing the active management of their balance sheets, either by selling loans to other banks or by the emerging practice of selling assets, such as mortgages, in the form of securities to investors.

The paper is designed not to stop these practices, bot to address the regulatory issues thrown up by them. It is highly unlikely that the rules will be introduced exactly as proposed, since the Bank is expected to be receptive to the bankers' comments it has requested. But, whatever their final shape, the rules are certain to have a significant impact on a fast-changing area of the banking business.

Bankers have general and specific concerns abont the proposals, which would mean they would have to set capital against certain types of assets even if they have been ostensibly transferred to other banks. They nevertheless agree that in a general sense the Bank is right to examine these problems.

They do worry that applying the proposals would hamper them competitively against foreign companies, which might not be subject to similar strictures, and against domestic companies, such as building societies and securities firms, that fall outside the Bank of England net.

There is expected to be a significant impact, for example, on a sizeable but little publicised market in so-called sub-participations – where banks transfer the rights to receive interest payments from loans to other banks.

Hitherto, the selling of such sub-participations, in which there is an active market in London running to billions of dollars, was regarded as a "clean sale," which would leave no requirement to hold capital by the selling bank.

Unusual risks

Now, the Bank is saying that such sales should be "more properly reviewed as a non-recourse funding arrangement, which aims to achieve the economic effect of a transfer without having that legal form."

It suggests that not only do these sales entail operational risks for the seller, wbich should be recognised in its capital, but that the boyer also faces unusual risks. This is because its rights to repayment depend on both the underlying borrower and the selling bank, which is still acting as a conduit for repayments.

The concern of UK banks about their competitiveness in this market is tempered by the knowledge that the Federal Reserve is examining sub-participation too but, on the evidence of this paper, the Bank's interpretations seem likely to be stricter. The proposals imply that a loan made by a top-rated bank to a top-rated borrower and sold on to another bank would, in certain circumstances, attract 2.2 times the capital of, say, a personal loan.

Banks can and do transfer assets by methods other than sub-participation, by what is called "novation" and "assignment."

A key difference in the Bank's eyes between the forms of transfer is that sub-participation – often done very quickly under master agreements – and certain types of assignment do not require notice to be given to the original borrower. This means that interest payments will be routed through the seller. "In consequence," says the Bank, "the buyer can be put at risk through actions of the seller."

With novation an extremely complicated process, banks transfer most medium-term loans by assignment. It is in the the area of short-term transfers that sub-participation is most common and certain banks would be hard hit by the proposed clampdown on this market.

Nevertheless, as proposed, the rules would be bound to have an impact on the secondary market in syndicated loans which would have a knock-on effect on the primary market.

This is partly because of the seven conditions set by the Bank which would have to be met before the loan would be regarded as a "clean sale" and bankers say some of these conditions are unworkable.

Third World debt

For example, one condition suggests that unless the whole of a loan is sold the seller will still have to provida capital against the full loan. This would have a severe impact on the growing secondary market in Third World debt. Since the loans were originally made in such large amounts, the ability to sell on the whole loan would be severely limited.

Bankers are also concerned about the impact of the proposals on securitisation of assets. The Bank seems to be keen to discourage certain practices which are used commonly in the securitisation of assets in the US. These include certain types of credit enhancement and the promise to buy "residuals" by banks.

Nevertheless, the impact of the proposals on the securitisation of assets would be to some extent offset by rules suggested late last year by the Bank for International Settlements and likely to be adopted in a refined form in the UK. Since they propose only a 50 per cent weighting for holdings of residential mortgage assets, they would rednce the incentive to turn mortgages – the prime candidate for securitisation in the UK – into securities.

Taiwan to allow foreign broker branch offices

BY BOB KING IN TAIPEI

TAIWAN'S PARLIAMENT has passed a revision of the securities and exchange law that will allow new stock brokerages to be established and permit foreign brokers to open branch offices.

At the same time, the Securities and Exchange Commission has authorised Jardine Fleming Taiwan, the local branch of the international securities firm, to begin actively promoting various international unit trusts.

Currently, Taiwanese citizens can remit up to US$5m a year without formal government approval but investors have been stymied by a lack of sophisticated channels.

The licences of such investment consultants as Jardine Fleming and of certain foreign banks allow them to advise clients on investment possibilities abroad – if asked – but not to promote or advertise or funds. The approval to Jardine Fleming – tbe first such firm actively to seek and receive it – allows the firm a broader advisory scope but it is still a long way from approval to manage funds on even a limited discretionary basis.

The revision of the securities and exchange law will allow the setting up of integrated securities houses. It also requires directors and chairmen of listed companies to disclose their shareholdings to prevent insider trading, which most sources agree is rampant in Taiwan.

CBOT to keep limits on Major Market Index

BY DEBORAH HARGREAVES IN CHICAGO

IN A move that imposes the first permanent price limits on stock index futures contracts, the Chicago Board of Trade has received regulatory approval to keep limits on its Major Market Index.

The CBOT slapped 40-point limits on the index of 20 blue cbip stocks after October's stock market crash. Since then, the thinly traded contract has not reached its limit, which effectively halts trading in periods of high volatility.

Chicago's staunchly free market exchanges have long resisted price limits on stock index contracts, saying they would force business to move to other markets in times of heavy volatility. But in the face of strong criticism about the role of futures markets in the crash, the exchanges have moved to curb wide price swings with limits before they are forced on them by regulators.

The Chicago Mercantile Exchange set a 30-point price limit for its busy Standard & Poor's 500 futures contract as an emergency measure after Black Monday. The CME says it will now apply to make these limits permanent.

The CME had proposed price limits more than a year ago, but these were resisted by its users. However, Mr Bill Brodsky, the exchange's president, said: "In the last few months we felt it was the responsible thing to do." The CME has not yet determined a level for its permanent limits.

All of these securities having been sold, this advertisement appears as a matter of record only.

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January, 1988

German securities tax to stay at 10%

By Haig Simonian in Frankfurt

MR GERHARD Stoltenberg, the West German finance minister, yesterday confirmed that the Government remained committed to levying withholding tax at the rate of 10 per cent, rather than the 25 per cent figure suggested by the finance ministry's own academic advisory board.

Commenting earlier this week on the Government's tax reform package, the advisory board recommended that withholding tax, due to be introduced at the beginning of 1989, should be imposed at 25 per cent, as already applies to share dividends.

Mr Stoltenberg also confirmed the tax would not be levied on D-Mark Eurobonds issued by German borrowers abroad. Such bonds would include the numerous issues made by German banks through subsidiaries in Luxembourg or the Netherlands.

While clarifying a major area of uncertainty overhanging the D-Mark Eurobond market, Mr Stoltenberg's remarks confirmed that West Germany would again be facing a split capital market after 1989. Issuers in D-Marks using non-German vehicles are likely to be able to borrow more cheaply than those tapping the domestic market, a situation the Bundesbank in particular has been keen to avoid.

The decision may also eventually trigger a sharp political debate. Many leading publicly owned financial institutions, such as Deutsche Siedlungs- und Landesrentenbank (DSL Bank) and Kreditanstalt fuer Wiederaufbau (KfW) have become increasingly active Euromarket borrowers in recent years.

Some – though not all – have issued D-Mark Eurobonds through foreign subsidiaries, while others, which have borrowed in the name of the domestic parent company, have incorporated special clauses into their issuing documentation allowing for a "switch of borrower" to a foreign subsidiary in the event of adverse tax changes.

It could become politically embarassing to the Government if such state-owned institutions were seen to be using foreign subsidiaries for their D-Mark Eurobonds after 1989, thereby "getting round" the withholding tax.

On the other hand, the banks themselves strongly urge that they should not be disadvantaged and come under political pressure not to use subsidiaries abroad, in view of their often increasing competition with private sector banks.

Such arguments could apply particularly strongly to DSL Bank, which has developed increasingly into a full-scale German universal bank in recent years. Similarly, officials at KfW might maintain that, as the channel for West Germany's overseas development aid, it is entitled and obliged to fund itself in the market as cheaply as possible.

Indonesia in further deregulation

By John Murray Brown in Jakarta

INDONESIA IS to introduce a new monetary instrument to ease liquidity problems in the business sector.

An agreement between 17 foreign and local banks and 10 non-bank financial institutions was signed this week to introduce a revolving underwriting facility, which officials said would help to develop the country's secondary markets.

The move is seen as a follow-up to measures brought in last year regulating the use of Bank Indonesia certificates of deposit and indebtedness.

In a speech to bankers last night, Mr Arifin Siregar, the Governor of Bank Indonesia, said: "The authorities stand ready to defend the external value of the rupiah as long as we feel that the economic fundamentals justify existing policies." Improving the secondary market is seen as one way to raise domestic confidence in the rupiah.

Financing for Elders

ELDERS IXL is raising a $500m financing in the form of a multi-option facility, arranged by Chase Investment Bank. Transamerica Financial, the US finance and insurance group, is separately raising a $500m revolving credit through Swiss Bank Corporation International. Yesterday's FT contained an incorrect reference to a $1bn financing for Elders.

Flurry of activity in Swiss franc sector

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

THE SWISS franc foreign bond market again saw a flurry of new issuing activity yesterday, bringing the amount of money raised so far this week almost to SFr2bn and this year to SFr3bn.

Three new SFr300m private placements were launched. So far this year, the market has seen an astonishing 22 new deals.

Elsewhere yesterday, the Eurobond market saw only sporadic activity as it awaited the publication of US trade figures today. Eurodollar bonds edged higher as dealers continued to square their books ahead of the US data. There was a £150m issue in the sterling mortgage-backed securities market.

Bankers say the decline in Swiss interest rates has attracted borrowers to the market. Yesterday, major banks cut time deposit rates by up to ¼ points.

Lead managers have also detected a large amount of investors' money available for new issues, representing reinvestment of proceeds from bond redemptions and coupons as well as shifts out of equity markets. Last week, this enabled even some aggressively priced issues to be well received, although strong signs have emerged this week of indigestion.

Nevertheless, the Canadian province of Manitoba yesterday won the most favourable reception so far this week with a SFr100m issue led by Union Bank of Switzerland. Priced at 100¼ with a 4¼ per cent coupon, the four-year issne was quoted around issue price. Both the name and the maturity were attractive.

The other two issues came too late in the day to determine their performance. Istituto Mobiliare Italiano's SFr100m 4½-yaar deal, led by Swiss Bank Corporation, was priced at 100¼ with a 4¼ per cent coupon. Another Italian borrower, Ente Nazionale per L'Energia Elettrica, is making a SFr100m six-year issue priced at 100¼ with a 4⅝ per cent coupon. Banque Gotzwiller, Kurz, Bungener was believed to be a lead manager but it could not confirm this.

Among other recent issues, Japan Highway was bid about 2⅛ points below issue price and ICI Finance's 2⅛ below. Aus-

INTERNATIONAL BONDS

tria's two issues were doing better with the 10-year at less 2⅛ and the 15-year at less 1⅞. Belgium's four-year issue was at less ⅞. In the secondary market, prices stabilised after Wednesday's fall.

Credit Suisse First Boston led a £150m issue for Household Mortgage, the specialist mortgage lender. Issued in the name of HMC Mortgage Notes 2, it incorporated a two-tier structure seen on a previous issue for another borrower. It was accompanied by a £12m issue of B notes being privately placed by CSFB. The £150m issue has priority on the income from the mortgages which back the issue, so the B notes – which pay a significantly higher interest margin – act as an insurance policy against defaults on mortgages, substituting for full-scale insurance, which is viewed as expensive.

CSFB estimated that the 27-year issue would actually have an average life of six years. It pays 35 basis points above three-month Libor for 10 years and 50 basis points thereafter. Priced at par, the issue was bid at 99.60. Though some previous sterling mortgage issues have moved slowly, CSFB said the reception and liquidity would be aided by a purchase fund which would use funds from pre-paid mortgages to redeem the bonds.

Elsewhere, Taiyo Kagaku, a maker of chemicals and foods such as processed egg products, made a $50m five-year issue of bonds with equity warrants. Nomura International indicated the coupon at 5¼ per cent and quoted it above the par issue price.

Societe Generale reopened the New Zealand dollar sector with a NZ$50m three-year issue led by Hambros Bank. It was priced at 101½ with a 18 per cent coupon. Hambros said it had detected growing demand for existing issues and that it and co-managers saw interest in yesterday's issue, which it was bidding 1½ points below issue price, the level of the fees.

In Australian dollars, a A$75m seven-year deal for Eurofima, the European rolling stock concern, was led by JP Morgan Securities. It was priced at 101¼ with a 13 per cent coupon and was bid just within the fees by the lead manager.

The Euroguilder sector saw a Fl150m issue for Algemene Bank Nederland led by itself. The four-year bond carries a 5½ per cent coupon and was priced at par.

In D-Marks, bond prices were very little changed in quiet trading ahead of the US figures today.

Continental lifts loan loss reserve

CONTINENTAL ILLINOIS, the holding company for Continental Illinois National Bank, fourth-qnarter results will include a $200m addition to its loan loss reserve for loans to less-developed countries, Our Financial Staff reports.

It said it will report a net loss of about $235m in the fourth quarter and a loss of $610m for the year, including $700m of special reserves for loans made to less-developed countries. In the second quarter, Continental added $510.1m to its loan loss reserves for such loans.

In 1986, the company posted a profit of $16m or 9 cents a share in the fourth quarter and profit from continuing operations of $98.7m or 30 cents a share for the year.

The fourth-quarter addition brings total reserves at the end of 1987 to about $1.1bn. It increased the reserve to less-developed country exposure, after considering previous charge-offs of $103m, to about 50 per cent of medium and long-term loans and commitments.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 14

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	93⅝	93⅞	+0⅛	+0⅝	9.44
All Nippon Air 9⅞ 97	100	94⅛	94⅝	+0⅛	+0¼	10.29
American Brands 8⅞ 92	150	97	97⅜	+0⅛	+0⅞	9.66
A/S Eksportfinans 7⅞ 93	100	†91⅞	92⅛	−0⅛	−0⅛	9.48
A/S Eksportfinans 7¼ 92	150	93⅞	93⅞	+0¼	+0¼	9.21
Barc. Bk. Fin. 10¼ 89	200	†102½	103	+0⅛	0	8.62
Belgium 9⅛ 92	400	†99⅞	100	+0⅛	+0⅝	9.17
British Telecom 7⅞ 96	250	86⅞	87⅜	+0⅛	+0⅛	9.88
British Telecom 8⅞ 94	150	97½	98⅛	+0¼	−0⅛	9.33
Canada 9 96	1000	98⅛	98⅝	+0½	0	9.29
Canadian Pac 10⅜ 93	100	†102⅝	103⅜	0	−0½	9.91
C.C.C.E 7¼ 91	113	†93⅞	94⅜	+0⅜	+0⅜	8.93
[illegible]						

Average price change... [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅝ 94	45	97⅛	97⅝	0	+0⅛	5.11
E.I.B 4⅝ 96	40	97⅞	98	0	+0⅛	5.04
Elec. De France 5⅛ 94	20	100¼	100⅝	0	+0⅛	5.02
Kansai Electric 4⅝ 94	60	96½	97	+0¼	+0½	5.24
Norway 4⅛ 92	60	97⅝	97⅞	+0⅛	+0⅛	4.84
Rep. of Italy 5⅝ 92	150	104	104¼	+0¼	+0⅞	4.62
Sweden 4⅝ 92	50	97⅞	98¼	−0⅛	−0⅛	4.84
World Bank 5⅛ 92	50	103½	103⅞	0	+0¼	4.61

Average price change... On day +0⅛ on week +0⅛

OTHER STRAIGHTS

[illegible]

DEUTSCHE MARK STRAIGHTS

[illegible]

SWISS FRANC STRAIGHTS

[illegible]

FLOATING RATE NOTES

[illegible]

CONVERTIBLE BONDS

[illegible]

[illegible]

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Asea Boveri to exploit core areas

BY WILLIAM DULLFORCE IN GENEVA

ASEA BROWN BOVERI (ABB), the newly merged Swedish-Swiss electrical engineering group, will defy received industry opinion and attempt to gain world leadership in the mature busineses of power generation, transmission and distribntion, in contrast to competitors which are quitting these sectors, Mr Percy Barnevik, chief executive, said yesterday.

Outlining the business strategy of the new group, which has sales of $18bn, Mr Barnevik said ABB would go against the mainstream to achieve long-term dominance in the industry.

It would exploit its size to become the lowest-cost supplier in its core product areas and establish a competitive base from which to grow.

Mr Barnevik's first public statement since the merger became effective on January 1 was short on financial detail. The two companies have not yet closed their books for 1987, but ABB would certainly pay a dividend for 1987 to its two shareholders, Mr Barnevik said.

This should allow Brown Boveri to resume its pay-out to shareholders after a two-year lapse. ABB itself will publish its first consolidated accounts, expressed in US dollars, after the second quarter this year.

The merged group would not need new equity funding in the near future. Instead priority would be given to making more efficient use of working capital, Mr Barnevik said.

About $4bn could be released by raising the current capital turnover rate (assets to sales) of 0.9 per cent to a target of 1.25 per cent.

After the depreciation of the dollar and with economic slowdown likely in the US and Germany, 1988 would be a fairly poor year, Mr Barnevik forecast.

But the tempo of change within ABB would be fast, quick savings could be made on the financial side; and the group would start implementing the strategy for growth in volume, outlined to 250 top managers at a meeting in Cannes last weekend.

This strategy relies on a far-reaching decentralisation of the group into 40 business areas, some 800 companies and, when finished, to between 3,000 and 4,000 profit centres.

The strategy assumes that the current weak world market for power generating and transmitting equipment would come back, as Mr Barnevik put its, "when the brown-outs and black-outs start" sometime in the 1990s.

In the meantime, ABB had ample opportunity to make money in niches, such as the revamping and upgrading of existing plant, meeting demand for cleaner energy, coal gasification and waste recovery.

In support of his argument that demand for power equipment would recover, Mr Barnevik cited the 2.3 per cent annual growth in electricity consumption in industrial countries and 6.8 per cent annual increase in the developiog world.

Currently ABB makes close to 70 per cent of its sales in the EC and the Nordic countries. This market would be consolidated and used as a base from which to "lay hands on" new markets in North America and the Third World.

The US is an important target in ABB's planning. North America accounts for 30 per cent of the world market for ABB's main products – at present only 9 per cent of group sales are generated in the US and Canada.

Mr Barnevik said the Swedish-Swiss merger had been completed in five months and 500 managers had been appointed. This quick pace of change would be maintained and ABB would "go a very long way" in cutting corporate staff.

Controversial head of Wormald resigns

BY CHRIS SHERWELL IN SYDNEY

MR LEE MING TEE, the Malaysian-born businessman who built an Australian corporate empire, yesterday resigned as chairman and director of Wormald International, the country's leading fire protection and security company.

His departure marks the end of a controversial phase in Wormald's history and confirms the erosion of Mr Lee's status as one of Australia's leading Asian entrepreneurs.

Over recent weeks his resignation had seemed increasingly likely – particularly since Reil, the investment group, had acquired a key stake in Wormald and had taken management control.

It is thought that strong pressure also came from the National Companies and Securities Commission (NCSC), Australia's stock market watchdog.

The agency has made oo secret of its reservations regarding Mr Lee's dealings – most recently the secret acquisition by a Wormald associate of a 4 per cent stake in Wormald.

This transaction also angered Mr Phillip Cave, the controlling shareholder of Reil. Mr Cave, according to yesterday's announcement, is now executive chairman.

Mr Lee, who is in his late 40s, won control of Wormald two years ago through a bid launched by his Sunshine group, which left him with a 36 per cent stake.

After be became chairman of Wormald in November 1986, Mr Lee began a controversial restructuring of the group. Its key feature – the sale of his family stake in Sunshine to Wormald, followed by a Wormald bid for Sunshine – attracted NCSC attention.

In October, Reil stepped in and agreed to take over Wormald. But the proposal was wrecked by the stock market crash and an alternative merger plan then also bad to be dropped.

A new plan was eventually announced in December, under which Reil would acquire progressive control.

The plan included the write-off of A$65m (US$46.4m) in goodwill from the Sunshine acquisition and other extraordinary pre-tax write-offs amounting to A$60m.

It also entailed disposals of all Wormald's oon-core husinesses and assets, incurring an estimated A$50m book loss.

These disposals included the purchase hy concerns associated with Mr Lee of Wormald's Asian and New Zealand interests.

Brother blames strong yen for fall in profits

BROTHER Industries, Japan's largest maker of sewing machines, knitting machines and typewriters, yesterday posted its third successive decline in annual profits, blaming the impact of the high yen on export sales, Stefan Wagstyl reports from Tokyo.

In the year to the end of November, parent company pre-tax profits fell 10.4 per cent to Y7.90bn ($62.1m) on sales down 1.2 per cent to Y166.5bn.

The company suffered a Y5.7bn exchange loss due to the yen's rise against the dollar.

Brother forecast a further fall in profits this year to Y3.8bn pre-tax.

Golden Dumps output declines

BY JIM JONES IN JOHANNESBURG

GOLDEN DUMPS, the small South African mining group, has fared poorly in its strategy of reopening and operating old mines.

In spite of management expectations, the gold recovery grade continued its downward spiral at the Consolidated Modderfontein mine during the December quarter.

The grade fell to 2.07 grams per tonne (g/t) from the September quarter's 2.83 g/t and, although the mine milled more ore, gold production fell yet again.

Mr Roger Daniel, the company's geologist, said in Johannesburg yesterday that the grade decline was due to an increase in the tonnage milled at the low-grade No.7 shaft and to "severe prohlems" at the recently acquired Springs Dagga. The current recovery grade is just short of 3 g/t.

South Roodepoort, the group's other operating gold mine, has increased capital spending on the reopening of the old Langlaagte mine.

Capital spending exceeded mining profits, contradicting estimates made by management last June when Langlaagte was acquired from Mr Loucas Pouroulis, the group's chief executive.

Establishment of the new Lefkochrysos platinum mine is on schedule.

GOLDEN DUMPS QUARTERLIES

	Gold produced (kg)		After-tax profit (Rm)		Earnings per share (cents)	
	Dec 87	Sep 87	Dec 87	Sep 87	Dec 87	Sep 87
Cons Modder	604	701	0.22	3.28	(23.3)	(16.1)
S Roodepoort	370	344	2.82	2.73	(16.8)	4.8

Earnings per share calculated after tax and capital expenditure. Parentheses = negative

Bangkok Bank boosted by expansion of credit

BY PETER UNGPHAKORN IN BANGKOK

BANGKOK BANK, Thailand's largest commercial baok, boosted pre-tax profits 70.1 per cent last year to 2.28bn baht ($90.4m), mainly attributed to an expansioo of credit to the country's thriving import-export and manufacturing sectors.

Total assets reached 301ho baht, up 12.3 per cent. Deposits were up 11 per cent at 221.63bn baht.

Bangkok Bank's growth rate was generally slower than the Thai banking system as a whole. Its market share for loans and deposits declined slightly but were still high at 28.7 and 24.5 per cent respectively.

Executives said they were unconcerned about the slower growth rate because they aimed for quality assets and to avoid doubtful dehts, a prohlem that has plagued a oumher of weaker Thai banks.

The bank said yesterday that lending to the import-export trade increased to 32.5 per cent. It also exceeded a central bank requirement for at least 20 per cent of deposits to be lent to the rural sector.

Spanish oil refinery in Abu Dhabi agreement

BY TOM BURNS IN MADRID

ABU DHABI'S International Petroleum Investment (Ipic) is to acquire a 10 per cent shareholding in Cepsa, the Spanish oil refiner, and supply its new partner with 60,000 barrels a day of crude, close to a third of its requirements.

Mr Alfono Escamez, Cepsa's chairman, said the agreement foresaw co-operation in the chemical and petrochemical sectors. Ipic and Cepsa have undertaken not to enter into similar agreements with direct competitors and the Abu Dhabi state company is to occupy two seats on Cepsa's board.

The deal ends a long search by the Spanish company for a stable supplier of crude.

Cepsa's initial contacts with Abu Dhabi took place more than two years ago.

In May last year, Cepsa discussed a possible similar deal with the Kuwait Investment Office but the talks broke down when Cepsa thought itself threatened by KIO's interests in Explosivos Rio Tinto, a rival Spanish refiner.

The Ipic agreement is seen as enabling Cepsa to keep KIO at arms length. The Kuwaiti portfolio company already holds a substantial shareholding in Banco Central, which is Cepsa biggest individual shareholder with about 17 per cent of the equity.

Air France earnings to top FFr700m

By Paul Betts in Paris

AIR FRANCE expects to report profits for last year of more than FFr700m ($127m), compared with earnings of FFr576m in 1986. The airline estimates 1987 turnover will total FFr28.6bn.

Passenger traffic increased by 14.6 per cent last year, while freight was up 9.8 per cent. Load factor averaged 69.5 per cent last year.

Concorde flight services between Paris and New York were also profitable.

Air France hopes to open up 15 per cent of its capital to private shareholders this year, to help finance fleet renewals.

NOTICE OF PREPAYMENT
THE MITSUBISHI BANK LIMITED
(Incorporated in Japan)
US$ 13,000,000
Callable Negotiable Floating Rate
Dollar Certificates of Deposit
No. FRMFILI 00001 to 00013
Issued on 10th February, 1984
Maturity Date 16th February, 1989
Optionally Callable on 16th February, 1988
Notice is hereby given that in accordance with the Clause of the Certificates of Deposit (the "Certificates") The Mitsubishi Bank, Limited (the "Bank") will prepay all outstanding Certificates on 15th January 1988 (the "Prepayment Date") at their principal amount.
Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank.
Interest will cease to accrue on the Certificates on the Prepayment Date.
THE MITSUBISHI BANK LIMITED
London Branch
1 King Street, London EC2V 8LQ
Date: 15th January 1988

U.S. $30,000,000
ZENTRALSPARKASSE UND KOMMERZIALBANK·WIEN
Floating Rate Subordinated Notes Due 1991
Interest Rate: 7 13/16% per annum
Interest Period: 15th January 1988 – 15th July 1988
Interest Amount per U.S. $5,000 Note due 15th July 1988: U.S. $197.48
Credit Suisse First Boston Limited
Agent Bank

Wells Fargo & Company
U.S. $100,000,000
Floating Rate Subordinated Notes due July 1997
In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 15th January, 1988 to 15th April, 1988 the Notes will carry an Interest Rate of 7¾% per annum.
Interest payable on the relevant interest payment date 15th April, 1988 will amount to US$192.74 per US$10,000 Note and US$963.72 per US$50,000 Note.
Agent Bank: Morgan Guaranty Trust Company of New York London

This announcement appears as a matter of record only.
NEW ISSUE
January 12, 1988
$149,354,727
Volvo 1987-B Lease Finance Corporation
8.90% Asset Backed Obligations
Due December 15, 1992
Volvo Finance North America, Inc.
Servicer
The undersigned initiated this transaction and acted as agent and as principal in the direct placement of the securities with institutional investors.
The First Boston Corporation

U.S. $125,000,000
Alaska Housing Finance Corporation
Floating Rate Notes Due July 2001
Notice is hereby given that the Rate of Interest has been fixed at 7·6625% p.a. and that the interest payable, for the current interest period January 15, 1988 to July 15, 1988 on the relevant Interest Payment Date July 15, 1988 in respect of U.S.$10,000 nominal of the Notes will be U.S.$387·38
January 15, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

US$200,000,000 Guaranteed Floating Rate Notes
Repayable at the Option of the Holder at par Commencing October 1982
Citicorp Overseas Finance Corporation N.V.
(Incorporated with limited liability in the Netherlands Antilles)
Unconditionally guaranteed by
CITICORP
Notice is hereby given that the Rate of Interest has been fixed at 7.25% and that the interest payable on the relevant Interest Payment Date, April 15, 1988 against Coupon No. 32 in respect of US$10,000 nominal of the Notes will be US$183.26.
January 15, 1988, London
By: Citibank, N.A. (CSSI Dept), Agent Bank CITIBANK

U.S. $600,000,000
Banque Nationale de Paris
Partly Paid Registered Floating Rate Notes Due 1995
Interest Rate: 7.6125% p.a.
Aggregate Rate: 1.310417% p.a.
Interest Period: 15th January 1988 – 18th July 1988
Interest Amount per U.S. $250,000 Note due 18th July 1988: U.S. $10,101.13
Credit Suisse First Boston Limited
Agent Bank

Nationwide Anglia Building Society
£100,000,000
Floating Rate Notes Due January 1998
(Issued by Anglia Building Society)
Notice is hereby given that the Notes will bear interest at 9¼% per annum for the interest period 14 January, 1988 to 14 April, 1988.
Interest payable on the relevant interest payment date, 14 April, 1988 will amount to £113.44 per £5,000 Note and £5,671.96 per £250,000 Note.
Agent Bank:
Morgan Guaranty Trust Company of New York
London

SIDOR
C.V.G. Siderurgica del Orinoco C.A. (Sidor)
(Incorporated with limited liability in the Republic of Venezuela)
U.S.$50,000,000
FLOATING RATE NOTES DUE 1984-1988
In accordance with the terms and conditions of the Notes, and the provisions of the Agent Bank Agreement between C.V.G. Siderurgica del Orinoco C.A. (Sidor) and Citibank, N.A., dated July 7, 1980, notice is hereby given that the Rate of Interest has been fixed at 7·9375% p.a. and that the interest payable on the relevant Interest Payment Date, July 15, 1988, against Coupon No. 16 in respect of U.S.$2,000 nominal amount of the Notes will be U.S.$80·26.
January 15, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

U.S. $100,000,000
Guaranteed Floating Rate Notes due 1993
of
SANWA INTERNATIONAL FINANCE LIMITED
Guaranteed as to payment of Principal and Interest by
THE SANWA BANK, LIMITED
Notice is hereby given that the Rate of Interest has been fixed at 7.61563% p.a. and that the interest payable on the relevant Interest Payment Date, July 14, 1988, against Coupon No. 1 in respect of U.S.$100,000 nominal of the Notes will be U.S.$3,850.12.
January 15, 1988, London
By Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

BANCO DE LA NACION ARGENTINA
LONDON BRANCH
We wish to advise our customers, correspondents and colleagues that we will be moving to the following address on 18th January, 1988, and we look forward to continuing our business relationship from our new premises situated at:
Longbow House, 14-20 Chiswell Street, London EC1Y 4TD
Telephone (01) 588-2738
Telex 883950
Fax (01) 588-4034

ELECTRICITY
The Financial Times proposes to publish the above survey on 25 January 1988
Topics proposed for discussion include:
* National Grid
* Acid Rain Prevention
* Alternative Energy Sources
* Privatisation
* Power Plant Makers
* Nuclear Options
* Coal Trading
For full information on advertising and an editorial synopsis please contact:
Penny Scott, Financial Times, Bracken House, 10 Cannon Street, London, EC4P 4BY
Tel: 01-248 8000 Ext 3389
Telex: 885033 Fintim G
FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Notice
U.S. $75,000,000
IC Industries Finance Corporation
Guaranteed Floating Rate Notes due 1991
In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from January 15, 1988 to July 15, 1988 the Notes will carry an interest rate of 7 15/16% per annum. The interest payable on the relevant interest payment date July 15, 1988 against Coupon No. 18 will be U.S. $40.13.
By: The Chase Manhattan Bank, National Association, New York
Fiscal Agent
CHASE
January 15, 1988

U.S.$75,000,000
The Bank of New York Overseas Finance N.V.
(Incorporated with limited liability in the Netherlands Antilles)
Guaranteed Floating Rate Subordinated Notes due January 1996
Unconditionally Guaranteed, on a Subordinated Basis, as to Payment of Principal and Interest by
The Bank of New York Company, Inc.
(Incorporated in New York, USA)
Notice is hereby given that the Rate of Interest has been fixed at 7·4375% p.a. and that the interest payable on the relevant Interest Payment Date, April 15, 1988, against Coupon No. 17 in respect of U.S.$10,000 nominal of the Notes will be U.S.$188·00.
January 15, 1988, London
By: Citibank, N.A. (CSSI Dept.), Reference Agent CITIBANK

UK COMPANY NEWS

Parkfield leaps 58% to £4.6m

BY PHILIP COGGAN

Parkfield Group, the acquisitive industrial and distribution group, yesterday announced a doubled interim dividend for the second successive year, on the back of a 58 per cent jump in pre-tax profits.

Pre-tax profits for the half-year to October 31 increased to £4.53m, from an adjusted £2.94m, on turnover up 51 per cent to £84.5m (£56.1m). The interim dividend is set at 2p (1p).

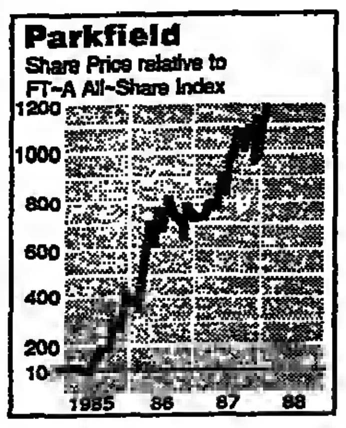
The bulk of Parkfield's distribution profits come in the second half and Mr Roger Felber, chairman, said that the signs were very encouraging. The company had acquired the exclusive UK distribution rights to RCA's compact disc titles which would retail at the competitive price of £5.99. It would also shortly announce an exclusive UK contract to distribute a range of video titles.

The manufacturing side, which provides the bulk of first half profits, although forming less than a third of turnover, also had encouraging news. A £10m contract was awarded to the foundry subsidiary to supply cast iron linings for the Channel Tunnel.

During the period, Parkfield also acquired Eurocast International, allowing the company to move into the aluminium wheel business. This was followed by the award of several large long term contracts to supply wheels to Europe.

In an eventful first half, Parkfield also acquired Burgess Heating Merchants, Hollywood Nites and Cineplex Home Entertainment, made a one-for-four rights issue for £29m and moved from the USM to the main market.

After tax of £1.62m (£1.03m), earnings per share rose 31 per cent to 7.77p from an adjusted 5.92p.



● comment

The relentless march of Parkfield under Roger Felber continues. The strategy of making a multitude of small acquisitions, sometimes in unfashionable industries, has been successful so far; and Mr Felber has taken some tough decisions to sort out trouble spots. He replaced the entire workforce at one subsidiary following an industrial dispute. Now that Parkfield is on the main market, it can start to attract the same attention as other mini-conglomerates like F H Tomkins and Williams Holdings. At 332p, the shares, assuming that second half distribution profits push the pre-tax figure to £14.5m-£15m for the full year, are on a prospective p/e of 13.5. That is comparable with the ratings of some of the other, better-known, mini-conglomerates and following the rights issue, Parkfield has plenty of cash to fund its acquisition policy.

Waverley Cameron plumps for Gulliver

By Clay Harris

Waverley Cameron, the Scottish stationery manufacturer, yesterday pressed ahead with its plan for a management buy-in by Mr James Gulliver, chairman of Argyll Group, and rejected rival proposals from Mr Kevin Doyle.

Flavell Communication, Mr Doyle's private investment company which owns 20.4 per cent of Waverley meanwhile, confirmed that it would vote against the issue of shares to Sanda Investments, jointly owned by Mr Gulliver and Noble Grossart, Waverley's merchant bank.

Waverley said it had taken into account not only the relative financial and other merits of the proposals and the likely effects on its share price, but also "the suitability of Mr Doyle as a potential controlling shareholder."

The board, independently advised by Bell Lawrie, repeated its support for the proposal under which Sanda would inject £1.65m in capital through a subscription of shares at 120p, which would raise its stake to 64 per cent.

Sanda bought its initial 12.9 per cent stake at 270p, compared with yesterday's market price of 430p, at which Waverley is valued at £4.1m. Sanda yesterday also agreed immediately to inject £130,000 in return for unsecured loan stock.

Mr Doyle said his opposition was based on the subscription price. If this was to be set at 270p, as he understood to be the initial intention, he would support the Sanda proposal.

Weather hits shoe sales but Stead & Simpson 14% higher

BY ALICE RAWSTHORN

Stead & Simpson, which has interests in shoe retailing and motor dealing, yesterday announced an increase in pre-tax profits of 14 per cent to £2.8m in the first half of the year on turnover which rose by 10 per cent to £38.5m.

Last autumn a substantial tranche – 29 per cent – of Stead's voting shares were sold to Tozer International, which is headed by Sir Ron Brierley, the New Zealand businessman. Mr Frank Chamberlain, chairman, said that Sir Ron had indicated that he regards his holding as an investment.

The rest of the voting shares are owned by the two founding families.

In the six months to September 30 1987 earnings per 'A' share rose to 3.2p (2.7p). The board proposes an interim dividend of 1.4p (1.2p).

Like the rest of the shoe retailing sector, Stead's trading suffered from the inclement summer weather. Nevertheless, turnover from its chain of 261 shoe shops rose to £22.5m (£20.5m) in the first half and trading profits increased to £2.3m (£2m).

The company made profits of £2m (£598,000) from property sales. These profits were not included in the pre-tax figure. Mr Chamberlain said that it expected to make a similar ammount from property in the second half.

The motor trading business – which includes franchises for Mercedes-Benz, Peugot/Talbot and Audi/Volkswagen – made profits of £680,000 (£580,000) on sales of £15.8m (£14.4m).

Stead recently bought a small computer services company which it intends to develop into a systems business specialising in the retail sector. This venture incurred a loss of £41,000 on sales of £264,000 in the interim period. It is expected to move into profit next year.

Mr Chamberlain said that the business is faring well so far in the second half. But he noted that footwear sales have performed poorly so far this month following healthy sales growth in the closing months of 1987.

●comment

Stead & Simpson is an odd animal. In the past three years a hefty chunk of its equity has passed to and from some of the stock market's more predatory players. Sir Ron's Tozer is only the latest in a list which includes Ward White and Hanson Trust. Yet a takeover is out of the question for as long as the founding families retain their controlling holding. This, combined with the pedestrian performance of the shoe shops, has tended to cast the company in a prosaic light. But the same solid qualities – and the equally solid assets – which made Stead seem so unexciting in a bull market are a distinct advantage in the current climate. The shares, on a prospective p/e of 15 and projected profits of £6.4m, have recovered sharply since the crash. As for Sir Ron, his attention is almost certainly elsewhere.

J H Fenner moves ahead in first quarter

By Jean Marshall

The performance of J.H. Fenner (Holdings) in the first quarter was comfortably ahead of of the comparable period last year, Mr Peter Barker, chairman, told the annual meeting yesterday.

He said that the most difficult part of the restructuring phase was over and the Hull-based power transmission and conveyor belt maker could look forward to continued progress.

The power transmission division was continuing to improve, the chairman said, and the development programme in Europe was proceeding.

One small French acquisition had been made and Fenner was in the final stages of negotiations to purchase a leading power transmission company in the Benelux countries. Last night the company could not disclose further details of this.

Mr Barker reiterated the view that the directors expected to more than double European business over the next two to three years.

The US companies were developing well, and, despite the weak dollar, aggregate earnings in sterling terms were still expected to improve in the current year.

Order books generally were being maintained at satisfactory levels.

Pizza Hut moves into Turkey

BY CLAY HARRIS

Polly Peck International, the UK-based trading company, is to open the first Pizza Hut restaurant in Turkey later this year under a franchise agreement announced yesterday with Pepsico, the US soft drinks and snack foods group.

Under an exclusive 10-year operating agreement, Polly Peck will open the first two restaurants in Istanbul, to be followed by outlets in cities such as Ankara, Izmir and Adana.

Mr Tony Reading, group managing director, said the Turkish restaurants would offer similar fare to that offered in Pizza Huts elsewhere in Europe, with only minor variations for local tastes.

The deal will add to Polly Peck's extensive food packing and distribution and electronics manufacturing operations in Turkey and northern Cyprus. These accounted for half of group turnover and nearly 60 per cent of attributable profit in 1986-87.

At the annual meeting Mr Asil Nadir, chairman, said that while he acknowledged the need for caution in the prevailing financial climate, he remained highly optimistic about the future growth.

All its major markets had performed strongly in the first few months of the current financial year. The group's operating divisions and spread of activities had been strengthened and further progress made towards establishing Polly Peck as a major worldwide diversified manufacturing and marketing group.

Northern Telecom agrees STC stake

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

Northern Telecom, the Canadian telecommunications group, has reached egreement with STC of the UK under which it will be able to maintain its present 27.5 per cent stake in the British company for almost three years.

The new accord changes an understanding arrived at by the two equipment manufacturers last October. As part of the deal under which Northern bought into STC, it agreed to cut its holding to 24 per cent by October of this year and not to buy any more shares in the British group.

The main impetus behind the original understanding came from Fujitsu, the Japanese computer company which supplies key components to ICL, the STC computer manufacturing subsidiary. Fujitsu did not want any individual shareholder to be in a position to exercise significant control, and is said to have been concerned that with more than 25 per cent of the STC shares, Northern would be able to block special resolutions.

Neither Northern nor STC would comment yesterday on Fujitsu's attitude to the change in the deal. But by revising the agreement with STC, Northern will now be able to avoid a write down on its STC shares, which have fallen considerably in value since the acquisition. Northern bought the stake at an average price of about 333p a share, approxiately 100p more than the current market price of STC shares.

Astra Hldgs surges to £2.6m

BY ANDREW HILL

THE £22m acquisition of US defence contractor Walters Group last May helped boost the interim pre-tax profits of Astra Holdings, pyrotechnics and ammunition company, to a record £2.62m for the half-year to September 30.

Astra is perhaps best-known as the UK's second largest manufacturer of fireworks but this is now a tiny part of its business. With recent acquisitions the group has developed into a major defence contractor.

The figures announced yesterday compare with proforma pre-tax profits of £129,000 for the half-year to September 30, 1986, adjusted to account for the 1986 merger between Astra and Francis Sumner Holdings.

For the 15 months to March 31 the group recorded pre-tax profits of £1.01m. Astra has now changed its year-end to March 31, bringing it into line with its subsidiaries.

Turnover is up from £3.44m to £20.53m. Astra chairman Mr Gerald James said the group already had orders for £60m compared with proforma turnover for the last full year of £30m.

Earnings per share rose from 0.16p to 1.4p and tax from £45,000 to £917,000. The board is proposing an interim dividend of 0.35p per share

Since the end of the first half, apart from achieving record firework sales, Astra has bought Kilgore Corporation, supplier of infra-red decoy systems to the US and other overseas defence departments, and acquired an option to buy British Manufacture and Research, which makes cannon and explosives.

The group has also established manufacturing facilities at BMARC's Lincolnshire plant enabling it to compete with Royal Ordnance in supplying ammunition to the Ministry of Defence.

The interim figures exclude £417,000 profits from Walters Group before the £22m takeover.

Analysts expect pre-tax profits of between £6m and £6.5m for the full year, dependent on the performance of the dollar.

Ross Electronics up but warns on current trading

THE DIRECTORS of Ross Consumer Electronics said yesterday that trading conditions were currently less buoyant than anticipated following the stock market collapse.

However, they remained confident that the company would continue to grow at a rate significantly faster than the corporate average. Sizeable expansion in exports was being looked for, not least through the launch of existing products to new overseas markets.

Ross, which came to the USM last summer, raised its pre-tax profits from £138,000 to £176,000 in the six months to September 30 1987. Turnover totalled £1.92m (£1.78m). Earnings per 10p share emerged at 3.1p (2.5p) after tax of £54,000 £41,000. A maiden interim dividend of 1.2p is being paid.

Construction loss at West Industries

BY NIGEL CLARK

LOSSES IN the construction division and exceptional items of £39,200 resulted in lower interim pre-tax profits for West Industries, formerly Celtic Haven. Turnover, however, increased by 69 per cent from £3.94m to £6.67m.

For the six months to end-September 1987 pre-tax profits fell from £224,600 to £217,600. Earnings per 5p share came out at 1.24p (1.96p). The interim dividend has been maintained at 0.25p.

Mr Matt Sheppard, chairman of this construction, plant hire, engineering and pest control company, said the construction division had shown a deficit of £172,000. He said that in respect of the loss a substantial claim had been submitted.

The loss related to a contract undertaken in the days of Celtic Haven and was in a new area of business which would not be taken on again, said Mr John Moulton, finance director. He said it was hoped that further information on the claim would be available at the end of the year.

The exceptional items related to professional expenses for a failed acquisition and redundancies in the engineering division.

The chairman said that all divisions other than the construction side had increased trading profits. During the period the pest control division had been expanded by acquisition and opening new units.

The machinery testing division had traded successfully and a number of opportunities to enlarge it and increase its facilities were being considered.

Frederick Cooper

The £10.58m rights issue at Frederick Cooper, announced on Wednesday, is on the basis of one convertible preference share for every two ordinary shares held. The basis was incorrectly stated in yesterday's edition.

Barbour Index profits up

Barbour Index, a provider of specialist information services to the construction and health safety markets, raised its profits from £1.56m to £1.91m pre-tax for the half year to October 31 1987.

The company traditionally earns the bulk of its profits over the opening six months. Currently, all of its existing services are selling well and are on budget.

Although development costs of new microfiles and computerisation will have an impact on second half profits the directors said they were confident of a successful full year outturn.

First half turnover totalled £3.93m (£3.21m). Tax accounted for £716,000 (£586,000) leaving an available balance of £1.19m (£814,000 including pre-acquisition profits of £162,000).

From earnings of 14.6p (11.5p) per 25p share an interim dividend of 2p is being paid – 1.5p would have been declared last time had the company's shares been listed for a full year.

TGI to raise £8.5m with market placing

BY PHILIP COGGAN

TGI, which manufactures loudspeakers including the world-famous Tannoy range, is raising around £8.5m via a placing on the main market.

The group was formed by the combination of three separate speaker companies - Goodmans, which was jointly owned by Thorn and Plessey until a management buy-out in 1984; Tannoy, which was founded in the 1920s and which was also the subject of a management buy-out, from Beatrice Food, in 1981; and Mordaunt-Short, a small specialist loudspeaker manufacturer.

The combined group is the largest designer and manufacturer of loudspeakers in the UK, exporting around a third of its turnover. Its largest customers are Ford Europe, for which it makes in-car speakers and Comet, the electrical retailer.

Combined, the two companies account for around 40 per cent of TGI's turnover.

Pre-tax profits have grown from £471,000 in the year to March 31 1985 to £1.33m last year, and TGI is forecasting £2.4m for the year to March 31 1988. Had the shares been listed on the Stock Exchange for the full financial year, the directors would have expected to recommend a dividend of 4.75p, equivalent to a gross yield of 6 per cent.

Albert E Sharp is placing 6.54m shares, 39.3 per cent of the equity, at 130p each, giving the company a market capitalisation of £21.6m and putting the shares on a prospective p/e of just over 10. The bulk of the shares being placed are new and will be used to finance extra working capital and to pay off loans and redeem the preference shares.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Astra Holdings ....int	0.35	-	-		0.95
Barbour Index ....int	2	Apr 6	-	-	-
CAP Group ....int	0.72†	-	0.6	-	1.8
Courts (Furnish).......int	2	Apr 8	1.75	-	4.9
Howden Group ....int	1.28	Mar 1	1.28	-	3.85
Jones, Stroud ....int	2	-	1.75*	-	5*
Neotronics Tech ....fin	1.2	-	-	-	-
Parkfield ....int	2†	-	1	-	3
RCO Holdings ....fin	4♣	-	-	6	-
Ross Consumer § ....int	1.2	-	-	-	-
Stead & Simpson ....int	1.4	-	1.2	-	3.9
Symonds Eng ....int	0.3	Feb 29	0.3	-	1p
West Inds ....int	0.25†	Mar 30	0.25	–	1

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market. ♣Gross throughout.

CAP

The Systems Company

Strong Growth Sustained

Interim Results (Unaudited)	6 months ended 31 October 1987	6 months ended 31 October 1986	12 months ended 30 April 1987
	£000	£000	£000
Turnover	50,581	33,770	78,785
Profit on Ordinary Activities before Taxation	3,367	2,142	5,825
Taxation on profit on ordinary activities	1,279	868	2,189
Profit on Ordinary Activities after Taxation	2,088	1,274	3,636
Dividends proposed	287	222	666
Retained Profit for the Period	1,801	1,052	2,970
Earnings per Ordinary share	5.4p	3.9p	10.4p

Dividend

An interim dividend of 0.72 pence per share will be paid on 29 February 1988 to shareholders on the Register on 4 February 1988.

Mr B.J. Gibbens, Chairman, reports:

The results, which are in line with our expectations, include contributions from Baddeley Associates Limited and Data Networks PLC, which were acquired during the period. The flow of orders has continued satisfactorily, with major contracts being won in all our business groups.

The prospects for our business are good across all our selected markets.

CAP Group plc

22 Long Acre, London WC2E 9LY Telephone: 01-379 4711

A copy of the full Interim Report being sent to shareholders can be obtained from the Company Secretary.

UNION DE BANQUES ARABES ET FRANCIASES - U.B.A.F.

U.S.$65,000,000 Floating Rate Notes 1980-1990

In accordance with the conditions of the Notes, notice is hereby given that for the six-month period 15th January 1988 to 18th July 1988 (185 days) the Notes will carry an interest rate of 7¹³⁄₁₆% p.a.

Relevant interest payments will be made as follows: Notes of $1,000 U.S.$40.15

CREDIT LYONNAIS, Luxembourg
Fiscal Agent

THE MORTGAGE BANK AND FINANCIAL ADMINISTRATION AGENCY OF THE KINGDOM OF DENMARK

£50,000,000 Guaranteed Floating Rate Notes Due 1994
Series 91
Unconditionally guaranteed by
THE KINGDOM OF DENMARK

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months interest period from the 11th January 1988 to 11th April 1988, the Notes will carry a rate of interest of 9¼% per annum. The relevant Interest Payment Date will be 11th April 1988. The Coupon Amount per £5,000 will be £114.99 payable upon Surrender of Coupon No: 17.

Hambros Bank Limited
Agent Bank

TEESSIDE

The Financial Times proposes to publish a Survey on the above on
WEDNESDAY 24TH FEBRUARY 1988
For a full editorial synopsis and details of available advertisement positions,
please contact:
HUGH WESTMACOTT
on 0532-454969
or write to him at:
Permanent House, The Headrow, Leeds, LS1 8DF.

WITHERS AND CROSSMAN BLOCK & KEITH ARE PLEASED TO ANNOUNCE THAT THE TWO FIRMS HAVE MERGED WITH EFFECT FROM 1ST JANUARY 1988, AND WILL HENCEFORTH PRACTISE UNDER THE NAME OF

WITHERS CROSSMAN BLOCK

W C B SOLICITORS

Howden stages recovery to £3.6m at half-way

BY FIONA THOMPSON

Howden Group, Glasgow-based engineer which reported a £1.28m attributable loss for its last financial year, has reported a sharp recovery at the interim stage. The company yesterday unveiled pre-tax profits of £3.6m for the six months to October 31 1987, up from £1.51m for the same period in 1986.

"We are extremely pleased with our progress after last year's problems, and are on track to return to the higher profits of previous years," said Mr. Ronald Watson, finance director.

The company, which specialises in air circulating, tunnelling and defence equipment, last year suffered from the forced temporary closure of its electricity-producing wind park in California because of faulty blades fitted to the wind turbine generators. In addition, its compressor business suffered a £2m loss.

Howden Compressors has now sharply rationalised its product line, cut the workforce from 360 to 180, and has returned to the black, just, at this half way stage. At the wind farm the reblading exercise has been completed and the park is gradually coming back on stream. It will be fully operational by the end of March.

Negotiations are still continuing with the company's insurers over claims lodged to recover some of the costs arising from the defective blades made by sub-contractors. Howden is hopeful of some recompense.

The group order book is very healthy, said Mr Watson. The James Howden division has Channel Tunnel orders worth £30m on its books for boring machines, mud skips and ventilation fans for the service tunnels. The airdynamics division has recently won two new orders from the US Defense Department for ammunition loading machines for aircraft and ground-based bomb loading equipment. The value is not that high at $7m (£3.84m), but could lead to substantial further orders.

Turnover for the six months was £65.14m, down from last year's £74.92m. The interest charge was £773,000, against a £94,000 credit, and tax took £1.31m, compared with £590,000 last time. Earnings per share rose to 3.3p from 1.2p.

An unchanged interim dividend of 1.28p has been declared.

• comment

These figures are marginally better than had been expected and Howden appears to have put the problems of last year behind it, but it is perhaps too early to be categorical. The company had undergone a lot of change in the past year, not least three different chairman. The interest charge in the second half will be somewhat higher, by the company's own admission, and gearing will not fall much below the present 60 per cent. On the bright side, the compressors business is much tighter now, the US park looks like being fully operational by the start of the California wind season in April, and the order book is strong. The shares closed 3p up yesterday at 89p. Assuming pre-tax profits for this year of about £10m, that puts them on a prospective p/e of 9, fair value.

Freemans forecast is dismal says Sears

BY NIKKI TAIT

Sears, the stores, jewellery and betting group which is making a £477m hostile cash bid for mail order company, Freemans, yesterday sent a further letter to shareholders, describing its target's profits forecast as "dismal".

Earlier in the week, Freemans said that it expected profits before tax in the 52 weeks to January 30 to be in the region of £33.2m, on sales of £506m. This compares with £32.4m on sales of £458m in the previous 53-week period.

In its letter, the bidder argues that "Freemans' profit forecast points to poor management" and maintains that the difficulties during the current trading year have been caused by management errors and misjudgments rather than external factors. Freemans has argued that it suffered three clearly definable disruptions in demand.

Sears also sharply criticises Freemans' decision to recommend a final dividend 40 per cent higher than in the previous year, describing this as "an act of desperation". The bidder repeats its argument that its own retailing skills and brands could help Freemans' future development in the face of increasing competition.

Freemans, however, described the document as "an unprecedented and vitriolic attack on a management team with a proven record of success".

"The attacks by Sears do not square with the keenness with which it has tried to acquire Freemans. Sears would have to earn about £47m before tax from Freemans in a full year just to cover the interest bill on the acquisition cost." Shareholders, suggests the mail order business, should ask how Sears expects to do this without any management experience in mail order.

Glentree in property acquisition

BY PHILIP COGGAN

Glentree, the north London estate agent which was one of the fastest-rising "penny stocks" before Black Monday, has announced its first major deal since Mr David Thompson, the co-founder of Hillsdown Holdings, bought into the company last July.

Glentree is acquiring Spencer, a group of property development and project management companies run by Mr Ramon Green and Mr Terry Norman, for £1.7m in cash and 3m shares. Based on yesterday's closing share price of 63p, that puts a total value on the deal of around £3.6m.

The Spencer group, which made profits of £711,000 in the year to March 31, 1987 is warranting that profits for the four accounting periods to March 31, 1991 will not be less than £6m. Any shortfall, up to a maximum of £2.85m, will be repaid.

Glentree is changing its year end to March 31, to match Spencer's, and accordingly, its next results will be second interim figures for the 12 months to November 30.

Mecca Leisure rights issue success

By Nikki Tait

A £30.7m rights issue by Mecca Leisure – one of the few to emerge in the wake of Black Monday – has been a success.

The company announced yesterday that valid acceptances had been received in respect of 97.9 per cent of the rights shares by the time the offer closed on Wednesday afternoon.

The remaining shares were sold in the market yesterday at a premium to the 140p rights price.

The cash-raising is designed to fund part of the cost of acquiring two businesses – Astey's and Holidays – from Ladbroke for £55.1m. The rights price was set at a 22 per cent discount to the ruling Mecca price ahead of the acquisition announcement in early December, and the issue was underwritten by Samuel Montagu.

The shares fell 19p to 160p on news of the deal, but had recovered to 176p by last Wednesday. Yesterday, they added a further 1p.

Halfway rise for Symonds Engineering

Symonds Engineering increased pre-tax profits by 9 per cent in the half-year to end-September 1987, from £78,658 to £85,653, on sales of £2.07m against £2.02m. Earnings per share rose to 0.58p (0.48p). The interim dividend is maintained at 0.3p.

The directors said the order book remained firm and, following the trend of previous years, profitability was expected to rise in the second half resulting in a satisfactory year.

Feb International

Although Feb International lost £716,000 in 1985, the last audited results available at the time of its takeover by Tarmac, the description of Feb as "loss-making" in yesterday's edition was incorrect.

Final figures for 1986 were never published, but Feb directors estimated pre-tax profits of at least £650,000.

BRITISH AEROSPACE: On January 4 1988 a total of 30.2m ordinary shares (12.05 per cent) were foreign held.

NatWest offshoot lifts profits 20%

Credit Factoring International, a subsidiary of the NatWest Bank group, reported a 20 per cent increase in pre-tax profits to £4.3m in the year ending September 30. Business turnover was up 23 per cent at £1.75bn.

Mr Michael Maberly, managing director, attributed the rise to record amounts of new business and growth was continuing.

McMullen improves

McMullen & Sons, brewer, wine and spirits merchant and soft drinks manufacturer, increased turnover in the year to end-September 1987 from £25.87m to £27.9m.

Group trading profit was £3.4m against £3.25m and tax paid amounted to £1.26m (£1.3m).

Davidson Pearce plays down effect of lost accounts

BY DAVID WALLER

Davidson Pearce, advertising and marketing services group, acted yesterday to reassure investors that it did not suffer unduly from the loss of certain key accounts last year.

It also announced details of its first acquisition since Mr Daniel Hodson, formerly Unigate finance director, was appointed chief executive in early October.

Davidson said turnover for 1987 would be within 3 per cent of the record £76m achieved the previous year, despite the loss of the British Gas; Dunhill and TWA accounts, and be forecast that profits before tax and exceptional items would be £3.4m, compared to £3.89m in 1986.

"The financial effect of the account losses has been considerably less than reported in the press," a statement said. "Costs have been well controlled and operating economies achieved."

Net exceptional income of £600,000 will arise after the disposal of a property in Thame at a profit and redundancy payments of £150,000, arising from the loss of the TWA account.

Davidson is buying Product Plus, which specialises in sourcing products for marketing campaigns which involve promotional gifts and incentives. The initial consideration will be £3m in cash and loan stock with a further maximum consideration of £4.5m in loan stock.

In the year to July 1987, Product Plus made pre-tax profits of £646,000 on turnover of £5.66m, and at the year end its net assets were £532,000. The total amount to be paid is tied to profits earned up to 1991.

Davidson's shares added 7p to 108p.

Midlands developers buy Dominion stake

BY CLAY HARRIS

THE RICHARDSON brothers, West Midlands property developers and investors, have bought 5.6 per cent of Dominion International, the property, natural resources and financial services group.

Dominion shares added 8p to 95p and Mr Max Lewinsohn, chairman, said he would be seeking talks with the Richardsons about their intentions.

Mr Roy Richardson said the purchase by Dudley, a private company co-owned by his twin Donald, was "a strategic investment in a company we think is moving in the right direction."

He cited in particular the recent appointment of Lord Barnett, former chief secretary to the Treasury, as deputy chairman of Dominion and the "introduction of further new blood to the main board."

Dudley was the Richardsons' vehicle in the successful offer last January for Burns-Anderson, a company which subsequently shed its engineering activities and motor dealerships to concentrate on financial services. The Richardsons reduced their stake to 29 per cent last July.

They also have a large stake in Regentcrest, a listed property and investment company.

Dominion, meanwhile, is involved in continuing discussions with more than one potential buyer for its 59 per cent stake in Southwest Resources, the USM-quoted energy group. It announced the disposal plan the week before the October crash.

RCO Hldgs rises and expects further growth

RCO Holdings, the cleaning and related services company which came to the main market last February, announced pre-tax profits for the year ending October 2 1987 6 per cent ahead at £1.4m against a previous £1.33m.

Turnover improved by 21 per cent to £17.19m (£14.4m) and Mr R D Eastham, the chairman, was confident that there would be further increases in turnover and profit for the current year. He said the company was far stronger than at any time previously.

A final dividend of 4p gross is being recommended, making 6p gross for the year. Net earnings rose from 8.22p to 8.75p per 10p share. Net assets improved from 23.36p to 27.32p.

All sections of the company's business had expanded during the year, the major increase being in health care where RCO now operated 16 contracts. The three catering support contracts with the Ministry of Defence had started and were going well, the chairman said, adding that the company had been awarded a further five contracts.

The directors looked forward to additional expansion opportunities arising from the proposed legislation on competitive tendering in local authority activities.

Operating costs for the year amounted to £15.86m (£13.14m) leaving operating profits at £1.36m (£1.3m). Net interest received rose to £42,000 (£23,000). Tax took £518,000 (£501,000).

Bridport Gundry warns

By Andrew Hill

Bridport-Gundry, the manufacturer of netting and woven products, expects a difficult year in its defence-related business.

At yesterday's AGM, chairman Mr Robert Holder said a shortage of orders for camouflage netting and a delay in the awarding of major contracts abroad might reduce profit in this area. He said the reduction could not be made good by the continuing satisfactory performance of other subsidiaries.

Mr Holder warned that the company's heavy dependence on the fishing industry this year, the re-organisation at its rope-making subsidiary Hall's Barton and the lack of defence business in the US in the first half might increase rather than reduce last year's imbalance between the first and second halves.

The company's shares closed 17p down last night at 186p.

Rowe Evans stake in Lendu

Following the announcement earlier this week that Chillington Corporation, overseas trading, plantation and engineering group, has increased its stake in Lendu, rubber production and investment group, from 19.64 to 20.47 per cent, Rowe Evans Investments remains interested in 35.42 per cent.

IN BRIEF

DEBFOR HOLDINGS has, subject to shareholders' approval, changed its name to Sherwood Group, echoing the group's origins in the Nottingham area. The acquisition of the Textile Finishing Group (Nottingham), announced on December 18 1987, was completed on January 13 for a total consideration of £910,000.

A CAIRD & Sons is to acquire Clwyd Waste Disposal for £1.5m in cash, subject to shareholders approval. Clwyd Waste's pre-tax profits amounted to £186,300 on turnover of £1.47m for the year ending last September.

HOGG ROBINSON has conditionally acquired the issued share capital of Minster Executive for about £600,000 to be satisfied by £60,000 cash and 236,843 new Hogg Robinson ordinary shares.

KUWAIT INVESTMENT Office, London investment arm of the Kuwaiti Ministry of Finance, has reduced its stake in the New Tokyo Investment Trust to 7.55m ordinary shares, or 17.78 per cent, from 21.19 per cent.

This advertisement is issued in compliance with the requirements of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the Ordinary shares of 1p each of TGI plc issued and to be issued to be admitted to the Official List.

TGI plc

(Incorporated in England under the Companies Acts 1948 to 1981 Number 1794387)

placing by

Albert E. Sharp & Co.

of 6,538,460 Ordinary shares of 1p each at 130p per share

SHARE CAPITAL

Authorised		Issued and to be issued fully paid
£200,000	Ordinary shares of 1p each	£166,346
£300,000	"A" Cumulative Redeemable Preference shares of £1 each	£300,000
£300,000	"B" Cumulative Redeemable Preference shares of £1 each	£300,000
£800,000		£766,346

No application is to be made for the "A" and "B" Cumulative Redeemable Preference shares of £1 each to be admitted to Listing. The "A" Cumulative Redeemable Preference shares are to be redeemed immediately following admission to listing and the "B" Cumulative Redeemable Preference shares are to be redeemed in January, 1989 in each case at £6 per share.

The Group comprises three of the leading companies in the audio industry – Goodmans, Mordaunt-Short and Tannoy. These companies design and manufacture loudspeakers for the international hi-fi market and the European motor industry. The Group also distributes a range of consumer electronic products.

Albert E. Sharp & Co. are making 1,634,615 Ordinary Shares of 1p each available to Brown Shipley Stockbroking Limited for distribution to its clients.

Listing particulars relating to the Company have been circulated in the Extel Statistical Services and copies of such particulars may be obtained from the Company Announcements Office of The Stock Exchange, London EC2P 2BT until 19th January, 1988 and during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 29th January, 1988 from:

Albert E. Sharp & Co.

Edmund House
12-22 Newhall Street
Birmingham B3 3ER

6/7 Queen Street
London EC4N 1SP

15th January, 1988

Mining companies managed by

Golden Dumps

(PROPRIETARY) LIMITED

(Reg. No. 77/00913/07)

Reports of the directors for the period ended 31 December 1987

SOUTH ROODEPOORT MAIN REEF AREAS LIMITED

(Reg. No. 05/05814/06)

(Incorporated in the Republic of South Africa)

Issued share capital: R9 775 027

Divided into: 10 000 950 ordinary shares of 56 cents each and 7 454 546 "S" ordinary shares of 56 cents each

OPERATING RESULTS	Quarter ended 31.12.1987	Quarter ended 30.9.1987	Six months to 31.12.1987
Ore milled – *tons*	117 318	110 157	227 475
Gold recovered – *kilograms*	370,2	344,1	714,3
Yield – *grams per ton milled*	3,16	3,12	3,14
Revenue – *per ton milled*	R94,71	R94,92	R94,81
Working costs – *per ton milled*	R71,28	R71,43	R71,35
Working profit – *per ton milled*	R23,43	R23,49	R23,46
Gold price received – *per kilogram*	R30 014	R30 387	R30 193
– *per ounce*	$470	$458	$464
Working costs – *per kilogram*	R22 568	R22 865	R22 722
– *per ounce*	$353	$346	$349
FINANCIAL RESULTS (R000)			
Revenue from gold and silver	11 111	10 456	21 567
Working costs	8 362	7 868	16 230
Working profit	2 749	2 588	5 337
Sundry revenue	19	25	44
Operating profit	2 768	2 613	5 381
Net interest received	30	34	64
Dividends received	—	103	103
Net profit before taxation	2 798	2 750	5 548
Provision for taxation	(17)	17	—
Net profit after taxation	2 815	2 733	5 548
Capital expenditure	5 748	1 886	7 634
Dividends	2 618	—	2 618
DEVELOPMENT			
Ventersdorp Contact Reef			
Advanced – *metres*	1 444	1 259	2 703
Sampled – *metres*	312	466	778
Payable – *metres*	76	248	324
Channel width – *centimetres*	144	190	172
Average value – *grams per ton*	5,0	6,5	5,5
– *centimetre grams per ton*	726	1 173	946
Kimberley Reef			
Advanced – *metres*	636	792	1 428
Sampled – *metres*	152	240	392
Payable – *metres*	124	144	268
Channel width – *centimetres*	178	130	152
Average value – *grams per ton*	5,5	5,4	5,5
– *centimetre grams per ton*	971	703	836
Black Reef			
Advanced – *metres*	42		42
Sampled – *metres*	40		40
Payable – *metres*	40		40
Channel width – *centimetres*	85		85
Average value – *grams per ton*	3,6		3,6
– *centimetre grams per ton*	306		306
Main Reef			
Advanced – *metres*	78		78
Sampled – *metres*	28		28
Payable – *metres*	20		20
Channel width – *centimetres*	182		182
Average value – *grams per ton*	3,2		3,2
– *centimetre grams per ton*	587		587

CAPITAL EXPENDITURE

The unexpended balance of capital expenditure authorised by the board at 31 December 1987 was R5 108 000.

COMMENTS

The refurbishment and commissioning of the V2 shaft at South Roodepoort and the East Deep shaft at Langlaagte have been completed during the quarter. Construction of the CIP plant at Langlaagte is progressing well, with commissioning scheduled for April 1988.

DIVIDEND

The declaration of dividends appears below.

15 January 1988 — H. B. MILLER, L. C. POUROULIS, *Directors*

Declaration of interim dividends

ORDINARY SHARES

Notice is hereby given that an interim dividend, number 86 of 15 cents per ordinary share (1987, 28 cents per ordinary share) in respect of the financial year ending 30 June 1988 has been declared payable to members registered at the close of business on Friday, 29 January 1988.

"S" ORDINARY SHARES

Notice is hereby given that an interim dividend, number 1 of 15 cents per "S" ordinary share (1987, nil) in respect of the financial year ending 30 June 1988 has been declared payable to members registered at the close of business on Friday, 29 January 1988.

The registers of members will be closed from 30 January 1988 to 7 February 1988, both days inclusive. Dividend warrants will be posted on or about 22 February 1988.

The dividends are declared in the currency of the Republic of South Africa. Non-resident shareholders' tax of 15% will be deducted from dividends payable to shareholders whose addresses are outside the Republic of South Africa.

Non-resident shareholders will be paid in United Kingdom currency, equivalent to the Rand value of their dividends on 5 February 1988.

By order of the Board

GOLD EQUITY REGISTRARS (PROPRIETARY) LIMITED

Secretaries

per: J. L. Freedman

Registered office and transfer secretaries

GOLD EQUITY REGISTRARS (PROPRIETARY) LIMITED

(Reg. No. 64/00063/07)

3rd Floor
Auction House
111 Fox Street, Johannesburg 2001
P.O. Box 62185, Marshalltown 2107

15 January 1988

CONSOLIDATED MODDERFONTEIN MINES LIMITED

(Reg. No. 01/03323/06)

(Incorporated in the Republic of South Africa)

Issued share capital: R1 737 807

Divided into: 21 440 000 ordinary shares of 5 cents each and 13 312 131 "S" ordinary shares of 5 cents each

OPERATING RESULTS	Quarter ended 31.12.1987	Quarter ended 30.9.1987	Six months to 31.12.1987
Ore milled – *tons*	292 041	247 875	539 916
Gold recovered – *kilograms*	603,6	701,1	1 304,7
Yield – *grams per ton milled*	2,07	2,83	2,42
Revenue – *per ton milled*	R62,27	R85,28	R72,83
Working costs – *per ton milled*	R59,48	R71,41	R64,95
Working profit – *per ton milled*	R2,79	R13,87	R7,88
Gold price received – *per kilogram*	R30 127	R30 151	R30 139
– *per ounce*	$473	$458	$466
Working costs – *per kilogram*	R28 774	R25 247	R26 878
– *per ounce*	$452	$384	$416
FINANCIAL RESULTS (R000)			
Revenue from gold and silver	18 185	21 139	39 324
Working costs	17 369	17 701	35 070
Working profit	816	3 438	4 254
Sundry revenue	133	193	326
Operating profit	949	3 631	4 580
Net interest received/(paid)	(733)	(353)	(1 086)
Net profit before and after taxation	216	3 278	3 494
Capital expenditure	8 328	8 879	17 207
DEVELOPMENT			
Black Reef			
North-East Prospect Shaft			
Advanced – *metres*	2 543	1 780	4 323
Sampled – *metres*	416	368	782
Payable – *metres*	180	160	340
Channel width – *centimetres*	81	81	81
Average value – *grams per ton*	5,1	4,1	4,6
– *centimetre grams per ton*	417	331	377
No. 1 Circular Shaft			
Advanced – *metres*	772	637	1 409
Sampled – *metres*	262	265	527
Payable – *metres*	40	6	46
Channel width – *centimetres*	141	97	133
Average value – *grams per ton*	3,5	3,4	3,5
– *centimetre grams per ton*	497	328	469
Kimberley Reef			
No. 14 Shaft			
Advanced – *metres*	1 263	1 815	3 079
Sampled – *metres*	562	944	1 506
Payable – *metres*	200	452	652
Channel width – *centimetres*	100	89	93
Average value – *grams per ton*	4,9	4,1	4,3
– *centimetre grams per ton*	485	365	402
No. 1 Shaft – Springs			
Advanced – *metres*	580	474	1 054
Sampled – *metres*	192	394	586
Payable – *metres*	40	132	172
Channel width – *centimetres*	80	45	52
Average value – *grams per ton*	3,8	6,1	5,5
– *centimetre grams per ton*	308	277	284

CAPITAL EXPENDITURE

The unexpended balance of capital expenditure voted by the board amounted to R5 911 000 at 31 December 1987.

BORROWINGS

Interest bearing borrowings amounted to R30 859 000 at 31 December 1987.

DIVIDEND

No dividend has been declared for the 6 month period ended 31 December 1987.

15 January 1988 — T. L. GIBBS, L. C. POUROULIS, *Directors*

LEFKOCHRYSOS LIMITED

(Reg. No. 86/05057/06)

(Incorporated in the Republic of South Africa)

Stated capital: R210 308 000

Divided into: 80 000 000 ordinary shares of no par value

FINANCIAL RESULTS (R000)	Six months to 31.12.1987 (unaudited)	Period ended 30.6.1987 (audited)
Interest received	4 779	350
Sundry revenue	74	—
Dividends received	496	—
Net profit before taxation	5 349	350
Provision for taxation	2 426	175
Net profit attributable to shareholders	2 923	175
Earnings per share – cents	5,29	0,43
Capital expenditure	56 109	34 094

PROGRESS

The project is proceeding on schedule.

The Mine

A total of 1 365 metres advance from surface has been achieved in the four declines.

The Plant

Terracing of the plant area is complete and civil and construction work is underway.

The Refinery

Civil and construction work has commenced at Brakpan.

DIVIDENDS

No dividend is proposed in respect of the half-year to 31 December 1987.

DIRECTORATE

Mr. H. J. Reeders was appointed a director on 14 January 1988.

15 January 1988 — L. C. POUROULIS, R. L. JOHNSON, *Directors*

THE INTERNATIONAL STOCK EXCHANGE

PRIMARY MARKETS DIVISION

The Quotations Department of the International Stock Exchange has been incorporated into a new Primary Markets Division, established to develop the Exchange's role as Competent Authority for Official Listing and the provision of related services.

Its offices are to be relocated:

Visitors to the Division should from 18th January 1988 come to:

50 Finsbury Square, London EC2A 1DD

Hand delivery of correspondence on quotations matters should, from the same date, be made to:

46 Finsbury Square, London EC2A 1DD

Until further notice Company News Service announcements delivered by hand should continue to be taken to:

The Company Announcements Office
Ground Floor
The Stock Exchange Tower
Old Broad Street
London EC2N 1HP

In due course the Company Announcements Office will also move to Finsbury Square.

All postal mail for the Division should continue to be addressed to:

The International Stock Exchange
PO BOX 119
London, EC2P 2BT

Telephone and Telex numbers remain unchanged. They are:

Telephone: 01-588 2355
Telex: 886557/9 and 8950693/7

THE INTERNATIONAL STOCK EXCHANGE OF THE UNITED KINGDOM AND REPUBLIC OF IRELAND LIMITED
Registered Office: The Stock Exchange, London EC2N 1HP. Registered in England & Wales No. 2075721

UK COMPANY NEWS

NOTICE OF REDEMPTION

To the Holders of

United Mexican States

10% External Bonds due February 15, 1990

NOTICE IS HEREBY GIVEN that, pursuant to the Bond Service Agreement dated as of February 15, 1975 made between United Mexican States and Chemical Bank New York Trust Company, as Authenticating Agent, Manufacturers Hanover Trust Company, as Registrar, The Chase Manhattan Bank, N.A., as Fiscal Agent, $2,014,000 principal amount of the above described Bonds are hereby called for redemption on February 15, 1988 through the operation of the Sinking Fund at the principal amouot thereof and accrued interest to the redemption date. The Bonds to be redeemed which have been drawn by lot by Manufacturers Hanover Trust Company, Registrar, are as follows:

Coupon Bonds bearing the distinctive number in the follwing last two digits:

03 08 15 19 25 36 41 47 51 57 61 63 68 75 78 82 87 90 94 97 99

except Coupon Bonds in the denomination of $1,000 whose serial numbers are M43647 or higher.

Fully Registered Bonds or portions thereof bearing the following numbers with the Prefix Letters as indicated:

Numbers	Amount	Numbers	Amount	Numbers	Amount	Numbers	Amount
RME 10340...	$ 1,000	RU 5792...	$ 1,000	RU 5928...	$25,000	RU 6069...	$ 8,000
RME 10341...	1,000	RU 5794...	1,000	RU 5929...	25,000	RU 6072...	40,000
RME 10854..	1,000	RU 5795...	4,000	RU 5930...	25,000	RU 6080...	1,000
RME 10855 ..	1,000	RU 5796...	1,000	RU 5931...	25,000	RU 6081...	1,000
RME 10857..	1,000	RU 5803...	2,000	RU 5933 ..	25,000	RU 6099...	63,000
RME 10858...	1,000	RU 5804...	3,000	RU 5933..	25,000	RU 6116...	3,000
RME 10862...	1,000	RU 5808	1,000	RU 5934...	25,000	RU 6120...	60,000
RME 10863..	1,000	RU 5810 .	1,000	RU 5935...	25,000	RU 6121...	2,000
RME 10866	1,000	RU 5823..	5,000	RU 5936.	25,000	RU 6122...	10,000
RME 10868	1,000	RU 5825 ..	3,000	RU 5937...	25,000	RU 6123...	10,000
RME 10869..	1,000	RU 5828	1,000	RU 5938..	25,000	RU 6128...	1,000
RME 10870.	1,000	RU 5829 ..	1,000	RU 5939...	25,000	RU 6129...	2,000
RME 10871	1,000	RU 5835...	1,000	RU 5940...	25,000	RU 6134...	25,000
RME 11092..	1,000	RU 5838 .	2,000	RU 5941...	25,000	RVE 5009...	1,000
RME 11470.	1,000	RU 5843.	1,000	RU 5942...	25,000	RVE 5186...	1,000
RU 5092	1,000	RU 5845...	2,000	RU 5943...	25,000	RVE 5270...	2,000
RU 5550	9,000	RU 5852...	3,000	RU 5961...	5,000	RVE 5271...	2,000
RU 5575.	3 000	RU 5856..	1,000	RU 5965...	2,000	RVE 5289...	5,000
RU 5725 .	21,000	RU 5859.	1,000	RU 5971 .	2,000	RVE 5340...	1,000
RU 5730	2,000	RU 5866. .	2,000	RU 5973...	6,000	RVE 5372...	2,000
RU 5731. .	1,000	RU 5867. .	1,000	RU 5975...	2,000	RVE 5422...	2,000
RU 5732.	3,000	RU 5874 .	1,000	RU 5984...	25,000	RVE 5509...	2,000
RU 5733 .	1,000	RU 5875	1,000	RU 5985...	6,000	RVE 5539...	5,000
RU 5734 .	1,000	RU 5876	1,000	RU 5990...	3,000	RVE 5584 ..	1,000
RU 5735 .	1,000	RU 5877 .	2,000	RU 5996...	2,000	RVE 5589...	2,000
RU 5736..	2,000	RU 5885 .	3,000	RU 5997...	2,000	RVE 5599...	5,000
RU 5737	1,000	RU 5912...	25,000	RU 6007...	10,000	RXE 5311...	10,000
RU 5743..	1,000	RU 5913 ...	25,000	RU 6008..	2,000	RXE 5314...	10,000
RU 5745. .	1,000	RU 5914...	25,000	RU 6021...	1,000	RXE 5324...	10,000
RU 5749.	1,000	RU 5915...	25,000	RU 6026...	2,000	RXE 5362...	10,000
RU 5750..	1,000	RU 5916 ..	25,000	RU 6041...	2,000	RXE 5399...	10,000
RU 5752 .	1,000	RU 5917 .	25,000	RU 6042..	50,000	RXE 5434...	4,000
RU 5753 .	1,000	RU 5918 .	25,000	RU 6043...	1,000	RXE 5474...	6,000
RU 5754...	1,000	RU 5919 .	25,000	RU 6044...	2,000	RXE 5489...	7,000
RU 5755...	1,000	RU 5920...	25,000	RU 6048...	14,000	RXE 5500...	10,000
RU 5761...	1,000	RU 5921...	25,000	RU 6052...	5,000	RXE 5515...	10,000
RU 5763...	1,000	RU 5922...	25,000	RU 6053...	5,000	RXE 5516...	10,000
RU 5765...	1,000	RU 5923...	25,000	RU 6056...	5,000	RXE 5517...	2,000
RU 5768..	1,000	RU 5924...	25,000	RU 6057...	2,000	RXE 5475...	10,000
RU 5781.	1,000	RU 5925.	25,000	RU 6061...	1,000		
RU 5782 .	1,000	RU 5833	25,000	RU 6062. .	4,000		
RU 5784 .	2,000	RU 5927	25,000	RU 6066 .	7,000		

Interest on the Bonds or portions thereof to be so redeemed will cease to accrue on February 15, 1988.

All of the aforesaid Bonds or portions thereof to be so redeemed should be surrendered for payment at the offices of the Fiscal Agent, The Chase Manhattan Bank, N.A., Corporate Bond Redemptions, P.O. Box 2020, 14th Floor, One New York Plaza, New York, New York 10015, or at the principal offices of the Fiscal Agent in London, England, Paris, France, Milan, Italy, Frankfurt, Germany, Zurich, Switzerland, and Beirut, Lebanon accompanied in the case of coupon bonds by the August 15, 1988 and subsequent coupons attached. The February 15, 1988 coupons should be detached and presented for payment in the usual manner. Upon surrender of a fully registered Bond a portion of which is to be redeemed a new Bond or Bonds in the aggregate principal amount of the unredeemed portion shall be issued in the name of the holder of such surrendered Bond.

Bondholders, both registered and coupon, when presenting Bonds to the New York Office of the Paying Agent, should furnish the Paying Agent with their tax identification oumbers. This will avoid withholding of funds required by legislation.

United Mexican States
By: MANUFACTURERS HANOVER TRUST COMPANY, *Registrar*

Dated: January 15, 1988

Confident CAP hits £3.4m at mid-term

BY DAVID WALLER

CAP Group, software house and naval engineering consultant, yesterday announced a 57 per cent rise in pre-tax profits to £3.37m for the six months to end-October.

Although the figures did not exceed City expectations, CAP's shares moved up strongly after a confident statement from Mr Barney Gibbens, chairman.

He said that prospects for the company were good across all its selected markets – which include defence and the financial services sector – despite the stock market crash.

It was disclosed that CAP, in cnnjunctinn with its partners Dowty Group, had won a preliminary contract to develop a command and control system fnr the Royal Navy's Type 23 frigate. Althnugh wnrth nnly £2.1m at this stage, it could lead to a £100m contract.

First half turnover rose by almost 50 per cent to £50.58m (£33.77m).

The interim dividend was raised by 20 per cent to 7.2p (6p). After tax of £1.28m (£868,000), earnings per share worked out at 5.4p (3.9p).

The results included a contributinn from Data Netwnrks, bought on August 10 last year. Uaing acquisition acconnting principles, this contributed £2.65m to turnnver and £288,000 to pre-tax profits.

• comment

CAP is one of a number of highly rated software companies – including Logica and Hoskyns – whose shares fell even further out of bed than the market in the aftermath of Maelstrom Mnnday. CAP's shares underperformed by 20 per ceot in the two months after October 19, and enjoyed a form of renaissance only in the month preceding yesterday's figures, when they mustered a 16 per cent advance on the market. Investors' disillusinn with CAP perhaps stemmed from the fact that a fifth of its turnover, and a quarter of its pre-tax profits, derive from the financial services sector – but the chairman's confident statement yesterday dispelled fears that the company was suffering from any severe contraction in that area nf its business. Indeed, it ought not to, as its main customers are retail banks invnlved with EFTPOS and dealing systems account for only a minute part of turnover. CAP ought to make £8.3m in the full year, putting the shares nn a prospective p/e of over 16. Given that the company's nonfinancial activities are growing as rapidly as ever, that under 2 per cent nf sales are dollar denominated and that it has £9m cash, this seems deserved, but in volatile markets a high rating alone can be used as an excuse to sell.

Neotronics on target with surge to £2.7m

Neotronics Technnlogy, gas detectinn eqnipment maker, more than dnubled pre-tax profits from £1.21m to £2.68m in the year to September 30 1987, meeting its fnrecast of £2.6m. Turnover rose from £7.5m to £10.33m.

A dividend of 1.2p is recommended. Earnings per 5p share rose from 3.46p to 7.73p.

There were extraordinary items resulting in a debit of £893,000 (nil), of which £422,000 was a provision for costs in respect of legal proceedings and the remainder flotation costs. Tax took £953,000 (£502,00) and minnrities £35,000 (nil) leaving attributable profit of £803,000 (£712,000).

Mr Paul Gotley, chairman, said that following an eventual year, opportunities for future growth looked excellent, with the world-wide trend fnr the creation and implementation of legislation relevant to the company's activities continuing and even accelerating in some areas.

The resources available due to the flotation would enable the company to increase its share in an expanding market and it would be looking fnr organic growth and acquisitions to extend the product range.

Mr Gotley said that a subsidiary formed in West Germany was contributing to group sales and group companies were due to launch five new product ranges in the current year.

Courts up 48% to £3.7m at halfway

TAXABLE PROFITS of Courts (Furnishers), internatinnal retailing group, expanded by 48 per cent to £3.7m on turnover up 14 per cent to £52.65m in the six months to September 26 1987.

The outcome was achieved despite a sharply increased transfer to deferred profits of £918,000 (£181,000) which arose mainly following significantly higher sales in Jamaica and Mauritius.

Fnrther transfers are anticipated during the second half and this would affect the results for the year, the directors said.

Hnwever, Cnurts also made some release of deferred profits in the UK and in Fiji, the latter owing to redneed sales in the wake of the coup in May last year.

The directors said that the strength of sterling had had a significant effect on translating sales from local currencies.

Using the same rates of exchange that prevailed in the first half of the previous year would have lifted sales by over £3m and pretax profits by £314,000.

Courts made profits from property dispnsals of £534,000 (£8,000) and the directors stated that such profits would also be sizeable in the second half, althongh possibly below those of last year; in the year to end-March 1987, Courts achieved property profits of £1.87m.

Interest charges for the period under review declined slightly, from £1.04m to £969,000, due to lower UK rates which more than offset increased borrowings, and the elimination of bank borrowings in Australia.

Future borrowings would increase due to the continned expansion of the group's Mammoth Superstores chain in the UK.

After tax of £1.2m (£960,000) and minorities £178,000 (£164,000), earnings per share came out at 11.7p against 6.7p last time.

The interim dividend is set at 2p (1.75p).

FINANCIAL TIMES CONFERENCES

CIVIL AVIATION IN THE PACIFIC BASIN
The Pacific Basin, civil aviation's fastest growing air transport arena, is the subject of the Financial Times conference to be held in Singapore on 25 and 26 January 1988. The rapid growth in the region is already imposing strains upon the airlines, airports and the aviation infrastructure overall. It will generate a massive demand for new aircraft and the money with which to buy them for many years to come. The aim of this '88 conference is to define thes problems and indicate possible developments and solutions.
Contributors to the debate include Dr Chaong Choong Kong, Singapore Airlines, Mr Mitsunari Kawano, Japan Air Lines, Mr Frederick Bradley, Jr, Senior Vice President of Citibank NA, Mr Michael Jones, Director of the Hongkong Bank Group, Mr Horst Pohlman, Vice President of Pratt & Whitney and Mr Sydney Gillibrand, Managing Director of British Aerospace. The conference has been timed to precede the Asian Aerospace '88 Exhibition, which will be held at Singapore Changi Airport, 27-31 January.

THE FT CITY SEMINAR
The Financial Times City Seminars have been very successful and 11, 12 & 15 February 1988 are the dates for the sixth briefing on the changing structure of the City of London. The agenda includes discussion of the major markets, players and developments in the business environment. An assessment of how the City withstood the storms of recent weeks will be included.
Mr Win Bishoff of Schroders returns to the platform as opening speaker and among the other contributors on this occassion are Mr John Matthews of County NatWest Ltd, Mr Robert Guy of N M Rothschilds, Mrs Francesca Edwards of Morgan Guarantee Ltd, Mr John Atkin of Citibank, Mr David Suratgar of Morgan Grenfell, Mr Peter Rawlins of R W Sturge and Mr George Nissen of the Securities Association. Mr Marc Lee, Financial Times Conference Adviser, is to chair and the Rt Hon John Smith MP, Opposition Treasury Spokesman and Mr J A Donaldson, formerly of ICI, are two of the non-city speakers who will be addressing the seminar. This programme is particularly suitable for company training schemes and the Conference Organisation will be pleased to discuss block bookings.

CABLE TELEVISION AND SATELLITE BROADCASTING
The Financial Times sixth conference on Cable Television and Satellite Broadcasting, to be held in London on 17 and 18 February, brings together speakers from the main European Markets to review the future of the new media at a critical turning point in their development.
The Rt Douglas Hurd, CBE, MP is to give the opening address and will speak on creating a broadcasting structure for the next century. Mr Michael Checkland, Mr Anthony Simonds-Gooding, Mr Richard Dunn, M. Cyrille Du Peloux and Mr Jurgen Dotx are among the distinguished panel of speakers who will review the changes that are taking place in the whole media scene.

All enquiries should be addressed to:
The Financial Times Conference Organisation,
2nd Floor, 126 Jermyn Street, London SW1Y 4UJ.
Tel: 01-925 2323 (24-hour answering service)
Telex: 27347 FT CONF G Fax: 01-925 2125

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December 1987

PRIESKA COPPER MINES (PROPRIETARY) LIMITED
(Incorporated in the Republic of South Africa)
Reg. No. 68/03032/07

Declaration of Interim Ordinary Dividend No. 9

The following interim dividend has been declared for the year ending 30 June 1988:
Interim ordinary dividend No. 9 of 8 cents per ordinary share.
The dividend has been declared payable to members registered in the books of the Company at the close of business on Friday, 29 January 1988.
The dividend is payable subject to conditions which can be inspected at 77 Fox Street, Johannesburg.
Warrants in payment of the dividend will be posted on or about 1 February 1988.

By Order of the Board — Registered Office
Anglovaal Limited — Anglovaal House
Secretaries — 56 Main Street, Johannesburg 2001
per E. J. Thomas — P.O. Box 62379, Marshalltown 2107

14 January 1988

Directors: D.J. Crowe* (Chairman), R.P. Fitton**, B.E. Hersov D.M.S., R.L. L'Esperance**, Clive S. Menell, E.R.L. Neunsebel**, D.M. Pogson**, R.A.D. Wilson
Alternate Directors: W.W. Malan, D.A. Blane, A.J. Brink, M.D. Henson
*British **American

The Kingdom of Belgium

£100,000,000

Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 13 January 1988 to 13 April 1988 the Notes will bear a Rate of Interest of 9⅛% per annum. The Interest Amount payable on 13 April 1988 will be £2,268.78 per £100,000 Note.

COUNTY NATWEST
Agent Bank

APPOINTMENTS

Ferranti subsidiary posts

FERRANTI has appointed Mr D.R.Stone general manager of the company's offshore industries division. Formerly managing director of Ferranti ORE in Great Yarmouth be succeeds Mr H. Hunter Gordon who has resigned to pursue other interests. Mr William Broekhuizen has been appointed managing director of Ferranti Computer Systems. He was deputy managing director.

★

CLARK WHITEHILL ASSOCIATES has appninted Mr Charles Sutcliffe deputy technical director.

★

WRIGHT AIR CONDITIONING has appointed the fnllowing to the main group board: Mr Eddy Dalton has become chairman of the five regional sales and contract installatinn companies and Mr Allan Hayward managing director of Wright Air Conditioning (Products), the group manufacturing company. Mr Daltoo was managing director of Wright Air Conditioning (London) and Mr Hayward was appointed managing director of the manufacturing company in December 1986. Mr John Colling, who joined Wright Air Conditinning (London) in May 1987 as contracts director, bas become managing director the Orpington-based regional company.

★

Mr Clive Gilchrist has joined the board nf MERCHANT NAVY INVESTMENT MANAGEMENT.

★

HEATSAVE has made the following appointments: Mr Peter Herbert, company secretary, has become finance director. Mr Richard Derry, managing director of R.I. Derry (London), is made general manager of Heatsave on February 1 and Mr Richard Tinson joins the board on April 1 as a non-executive director.

WALKER GREENBANK has made the following board re-nrganisation: Sir Anthony Jolliffe, chairman and chief executive; Mr John Pither, executive deputy chairman; Mr Keith Waterfield, finance director; Mr Nicholas Brown and Mr Alan Carr, executive directors; and Mr Christopher Loveday and Mr David Richards nnn-executive directors. Mr Richards is deputy chairman of the Mnnnpolies and Mergers Commission. Mr Waterfield was group commercial director at Fogarty. Mr Malcolm Hayes and Mr Neville Root will become chief executives of subsidiaries engineering and medicare operations.

Mr David D. Ankrett has been made director-powder coatings of MANDERS industrial division. He was technical manager-powder coatings at Ferro. Mr Alan C. Playfnrd has been appointed production director.

★

Following the capital injection by CATSCO nf Australia, TORCH COMPUTERS has made the fnllnwing appointments: Newmarket Venture Capital, Torch's main venture capital partner, is releasing Mr Tim Lowden, a director of NVC, until early in 1988, to carry out the the role of chief executive of Torch in addition to his positinn as chairman. Mr Ray Anderson, technical director at Torch, is being appointed a specialist consultant to the board with responsibility for new ventures and will become a non-executive director.

★

Mr Robert Carnell has been appointed to the bnard of ASPEN COMMUNICATIONS, and becomes managing director of Pensord Press. He joins from Morgan Grampian where he was group production director.

★

Mr A. Raymond Lewis bas become chairman and chief executive of the FRAZER-NASH GROUP, following the retirement of Mr E.D. Aland. Mr Lewis was group managing director.

★

Mr Ray Milee has been appointed chief executive officer of CANADA MARITIME SERVICES, based at Horley, Surrey. He succeeds Mr Jacques Dewilde on March 1. The company is a joint venture between Canadian Pacific, Montreal, and CBM, Antwerp. Mr Miles joins from the Scandinavian-owned container management company GEM, where he was managing director.

★

Joining the board of YALE AND NUTONE INC., of Cincinnati, Ohio, as non-executive directors are: Mr Joseph Kuhn, group vice president of 3M Company; Mr Dale Lang, publisher and equal partner with Time Inc., in the nwnership nf "McCalls," "Wnrking Wnman," and other magazines; and Mr L. John Clark, partner and shareholder in Transnational Capital Ventures Inc. Yale and NnTone is a US subsidiary of the UK company Yale and Valor.

★

ABRASIVE DEVELOPMENTS has appointed Mr John Penny to the new post nf business development director.

Legal chief at Vickers

VICKERS has appointed Mr Andrew John staff director, legal and contracts. He remains head nf the group legal department but will now also lead Vickers contracts and purchasing departments with responsibility for advising the board on the formation, implementation and appraisal of legal and contracting policy.

★

CONCORDE ENERGY bas appointed as non-executive directors Mr Charles Longbottom and Mr Denis Bizeau. Mr Longbottom is a part time member nf the board of British Shipbuilders. Mr Bizeau is president of Kelt Energy Inc., US.

★

CCL FINANCIAL GROUP has appointed Mr John Delacherie as London area director respoonsible for developing the group's business through independent intermediaries and company representatives. He was south-east branch manager at Imperial Trident.

★

Mr Peter Blackmore has been appointed marketing director of RANK XEROX (UK). He was director of strategic business development.

★

At CAMBRIDGE ELECTRONIC INDUSTRIES Mr Trevor P. Thrower has become divisional managing director of the defence and instrumentation division and a member of the management committee. He was managing director of Newmarket Microsystems, one of the group's subsidiary companies, nperating in the interconnection technology division.

★

YAMAICHI INTERNATIONAL (EUROPE) has appointed Mr Tnny Furlong director, pensions and marketing. He was formerly with Legal and General Investment Management.

NOTICE OF REDEMPTION

To the Holders of

General Electric Credit International N.V.

11% Guaranteed Notes Due 1991
(guaranteed by General Electric Capital Corporation)

The foregoing Corporations are affiliates of General Electric Company, U.S.A.
(General Electric Capital Corporation was formerly known as General Electric Credit Corporation)

NOTICE IS HEREBY GIVEN that pursuant to the provisions of Section 6 of the Fiscal and Paying Agency Agreement, dated as of February 15, 1984, among General Electric Credit International N.V., General Electric Capital Corporation, as Guarantor, and The Chase Manhattan Bank (National Association), as Fiscal and Paying Agent, and paragraph 5(a) of the Terms and Conditions of the above-mentioned Notes (the "Notes"), all of the Notes will be redeemed on February 15, 1988 (the "Redemption Date") at the price of 101.50% of their principal amount (the "Redemption Price"). Interest due on the Redemption Date will be paid in the usual manner. On and after the Redemption Date, the sole right of a holder of a Note shall be to receive the Redemption Price plus interest accrued on the Note to the Redemption Date. Interest on the Notes shall cease to accrue from and after the Redemption Date.

Payment of the Redemption Price will be made upon presentation and surrender of the Notes, together (in the case of bearer Notes) with all appurtenant coupons maturing subsequent to the Redemption Date, at any of the paying agencies listed below. In the event any such unmatured coupons fail to be presented, the amount of the missing coupons will be deducted from the Redemption Price.

The Chase Manhattan Bank Luxembourg, S.A.
47 Boulevard Royal, CP 240
Luxembourg, Luxembourg

The Chase Manhattan Bank, N.A.
London Branch
Woolgate House, Coleman Street
London EC2P 2HD, England

Chase Manhattan Bank (Switzerland)
63 Rue du Rhone
1204 Geneva
Switzerland

Banque de Commerce, S.A.
Main Office
51/52 Avenue des Arts
B-1040 Brussels, Belgium

Coupons which shall have matured on or prior to the Redemption Date should be detached, presented, and surrendered for payment in the usual manner.

Payment on any Note made within the United States, including by transfer to a United States dollar account maintained by the payee with a bank in The City of New York, may be subject to reporting to the United States Internal Revenue Service (IRS) and to back up withholding of 20% of the gross proceeds (including premium and accrued interest) if the payee fails to provide the paying agent with an executed IRS Form W-8 in the case of a non-U.S. person, or an executed IRS Form W-9 in the case of a U.S. person. No such backup withholding will be required in the case of presentation of bearer Notes for redemption with a paying agent outside of New York, New York, if payment is made outside the United States. Information reporting to the IRS will only be required upon such payment made outside the United States if made to U.S. persons in certain circumstances. Those U.S. holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to an IRS penalty of U.S. $50. Accordingly, please provide any appropriate certification when presenting the Notes for payment.

GENERAL ELECTRIC CREDIT INTERNATIONAL N.V.
By: The Chase Manhattan Bank
(National Association),
as Fiscal and Paying Agent

Dated: January 15, 1988

GRANVILLE

SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
206	138	Ass. Brit. Ind. Ordinary	185	0	8.9	4.8	6.9
207	145	Ass. Brit. Ind. CULS	190	-1	10.0	5.3	
41	28	Armitage and Rhodes	28	-1	-	-	-
142	40	BBB Design group (USM)	52	0	2.1	3.9	8.3
188	108	Bardon Group	156xd	0	2.7	1.7	26.7
186	95	Bray Technologies	138	-1	4.7	3.4	11.0
281	130	CCL Group Ordinary	248xd	n	11.5	4.6	6.4
147	99	CCL Group 11% Conv.Pref	126	0	15.1	12.0	
171	129	Carborundum Ordinary	129	0	5.4	4.1	11.2
104	91	Carborundum 7.5% Pref	100xd	0	10.7	10.7	
180	87	George Blair	152xd	n	3.7	2.4	3.9
143	68	Isis Group	68	-2			
104	59	Jackson Group	94xd	+1	3.4	3.6	10.4
780	250	Multihouse NV (AmstSE)	250	+5	7.5	3.0	9.9
88	35	Record Holdings (SE)	60	0	2.7	4.6	12.1
115	83	Record Hldgs 10% Pref (SE)	110	0	14.1	12.8	
91	50	Robert Jenkins	50	0			2.4
126	30	Scruttons	124xs	0	5.5	4.4	4.9
224	67	Torday & Carlisle	198	-2	6.6	3.3	9.6
71	32	Trevian Holdings (USM)	60	0	2.7	4.6	6.5
131	41	Unilock Holdings (SE)	63	0	2.8	4.4	11.6
264	115	Walter Alexander	135	0	5.9	3.8	11.5
205	190	W.S Yeates	205	0	17.4	8.5	20.5
170	67	West Yorks. Ind. Hosp.(USM)	124	0	5.5	4.4	15.2

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of FIMBRA

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MANAGEMENT

Response to growth

Bringing in the professionals

David Thomas on P&P Micro Distributors' evolving strategy

THE STAGES BY which high technology companies grow is now familiar to any student of management. Most exciting is the adolescent phase of helter skelter growth dominated by the energies of the founding group of entrepreneurs.

When they get beyond a certain size, however, this strnctnreless approach becomes inadequate; they need to import more of the trappings of mature companies.

It is not so often appreciated that this process of high tech maturity applies not just to the glamour end of the business – the hardware and software companies whose *products fuel* revolutions such as that ushered in by the personal computer; it also applies to the range of service, support and distribution companies formed in their wake.

A case in point is P&P Micro Distributors, based in the mill country of Rossendale, Lancashire. That it was one of the first companies in Britain to wake up to the opportunities of distributing personal computers was entirely due to the foresight of its founders: Pam and Peter (hence the P&P) Fisher.

They were social workers who were seized by the potential of personal computers during early exposure to Apple's machines at their work *in 1980. Certain that* desktop computing would catch on in Britain, they began by going to the US and importing Apple software in suitcases.

Their business boomed as rapidly as the use of personal computers itself. Between 1982 and 1984, turnover doubled almost every year. Profits too were on a steady upward trend. When they outgrew their original base in Streatham, south London, they added a second in the pleasanter surroundings of Rossendale, allowing the company to deliver to any customer in the country within 24 hours. They also acquired a third partner, Chris Gillard, along the way.

By 1984, however, the founders felt the company was elipping out of their control. It was getting too big to be run in an ad hoc way. They called in Coopers & Lybrand to advise them on how to put the concern onto a more settled footing.

One result of the review was the decision to bring in professional management. The founders, although they still own almost all the shares in the company, decided to *take more of a backseat* role, leaving them freer to try their hands at other ventures outside the company. Peter Fisher still acts as non-executive chairman, but the other two *have all but severed their* day-to-day links with the company.

David Southworth, now managing director, joined from Coopers & Lybrand with the job of devising a thorough business plan. The 1985 results showed how necessary this was: although P&P continued to expand, for the first time in its short history it grew less rapidly than the market as a whole.

P & P MICRO DISTRIBUTORS	1982	1983	1984	1985	1986	1987*
	£m	£m	£m	£m	£m	£m
Turnover	4.5	8.7	16.2	25.4	36.1	70.0
Pre-tax profit	0.6	1.0	1.3	1.7	2.0	4.0

*estimated

Southworth says that P&P needed "a far more structured approach to business" as it continued to grow; it now has more than 200 staff and is on course for 250 by the end of this year. At tha same time, the company has tried to retain P&P'a original speed of response to the *marketplace;* "we have tried to blend the old with the new," Southworth explains. Three factors have been at the heart of the new approach.

● Clear lines of responsibility have been laid down within the company. While the founding entrepreneurs used to handle much of the business themselves, new directors have been brought in for sales, products, technology and finance.

More structure has been introduced at lower levels, too. In place of the previous scatter-gun approach to marketing, Southworth says, there are now regionalised salee forces with clear focuses.

● P&P began to shift the nature of its customer base. In the past, its business was split roughly evenly between its role as a distributor (selling to dealers) and its role as a dealer (selling direct to end users in companies). "We'd sell to anyone who asked ns," Southworth says.

The company decided that distribution, not dealing, was where its future lay because that route offered larger volumes and was more stable. But to effect the change, it needed to build up a larger and more loyal set of dealers for, as Southworth puts it, "the dealers want to grow in their own right and not face competition from us."

The proportion of its business coming from selling direct to end users is now down to 30 per cent and Southworth hopes it will fall further to 20 per cent. P&P wants to keep only large blue chip companies as its direct customers.

● The change in marketing priorities brought with it a change in the services to be offered – a move towards what Southworth calls high value added distribution.

Southworth believes that competition in future in the corporate microcomputer world will centre less on cutthroat pricing, although that will always be a feature, and more on back-up services, like training, network advice, and sales, technical and consultancy support. P&P is busy investing in being able to provide its dealers with precisely these *services.*

Similarly, it is becoming more expert in areas like networking as technology blurs the distinction between personal and departmental computing.

Southworth saes these trends, and others such as the increased tendency for manufacturers to go through dealers rather than sell direct to end users, as evidence that the personal computer market ie entering a more mature phase.

A sign that P&P's new strategy was working came in *the middle of last* year when IBM, the UK market leader in corporate microcomputers, chose P&P as one of its small number of new personal computer distributors (previously P&P had been only a dealer for IBM).

Tony Hill, director of distribution for IBM in the UK, explaining that IBM is evolving its distribution strategy in the fast changing micro market, says that P&P is particularly valuable to it in acting as a distributor for its smaller dealers: "P&P can offer daily turnround in small volumes....This is a service which the smaller dealers appreciate."

Last year was good generally for P&P. It distributed more than 20,000 personal computers; turnover and profit were both almost doubla the 1986 figures of £36.1m and £2.1m respectively.

The company is now aiming to seal its emergence as a more mature business with a etock market flotation, though the crash has placed a big question mark over its exact timing.

David Southworth: joined to devise a business plan

What background makes a manager?

ARE ELDEST children more likely to reach the top of the corporate ladder than their younger brothers and sisters?

A survey published this week revealed that an overwhalming proportion of British managers are eldest sons or daughters, or only children.

The survey, published by the British Institute of Management and reported earlier this week, dealt primarily with issues like the demand for management education and whether managers would prefer to work for themselves rather than for large companies.

But hidden away inside the survey are some revealing details about the family background and circumstances of British managers.

Gillian Peppercorn and Gill Skoulding, who carried out the survey, say that previous research had already shown that eldest sons and daughters tended to be more ambitious than other children.

Peppercorn and Skoulding warn that further investigation is needed before any general conclusions can be drawn from their own research, but of the 3,000 managers they surveyed, 49 per cent were eldest sons or daughters. A further 17 per cent were only children.

The figures were similar for both male and female managers.

Forty-nine per cent of the men were eldest sons and 18 per cent were only children. Of tha women managers surveyed, 51 per cent were eldest daughters and 13 per cent were *only children.*

Peppercorn and Skoulding found that women managers were as satisfied with their jobs, pay and prospects as their male counterparts. They were, however, more likely than men to believe that their workload was too heavy. They were also less satisfied with the way their superiors communicated with them.

The most striking differenca between the sexes was that a far higher proportion of the woman managers was single.

Only 9 per cent of the men snrveyed wera *unmarried and a further* 5 per cent were widowed, divorced or separated. Tha remaining 86 per cent were married.

Of the women managers surveyed, 33 per cent said they were unmarried, 19 per cent were widowed, divorced or separated and 48 per cent were married.

The managers surveyed were aaked how often they discussed their jobs outside work. Three out of five said they discussed work frequently with their spouses or partners. Very few said that they never did.

Of those managers with *children, two out of three* discussed their jobs with them occasionally. One in eight said they did so often. As many as one in five said they never discussed their work with their children.

They were also asked whether they thought that their children had acquired, through their parents' work, a positive or negative impression of management as a career. Two out of three managers said they thought their jobs had given their children a positive picture of management as a career.

***Only 7 per cent thought* it had given their children a negative image of management.**

What careers did they think their children should pursue?

Forty-five per cent said they would be pleased if their children decided they wanted to be managers, although it appeared they would be happier for their sons to become managers than for their danghters to do so. Accountancy and engineering were also favoured careers for sons. Managers thought their daughters should go into medicine, dentistry, law or education.

Profile of British Industry – the Manager's View, available from Karen Jones, British Institute of Management, Management House, Cottingham Road, Corby, Northants NN17 1TT. £16 for BIM members. £20 for non-members.

Michael Skapinker

Management abstracts

Integrating information systems into business strategies, ***J M Ward in Long Range Planning (UK), June 87 (7½ pages)***

Demonstrates how information systems have progressed from a supportive to an integral business role, and now exert a positive influence on increasing business competitiveness. To obtain maximum value, therefore, it is essential to apply the concept of strategic analysis to IS strategy development; examines strategic alternatives, and discusses how IS application portfolios can be analysed, classified and prioritised in terms of business importance rather than technical peculiarities.

A shorter working week, ***W de Lange & M Bouwmans in M & O (Netherlands), May/Jun 87 (12 pages, in Dutch, English version available)***

Reports on the introduction of a 4-day working week into seven Dutch companies, providing a fair amount of detail and – notwithstanding certain problems – pronouncing the move a success. Thinks much of the credit must go to the simultaneous reduction of hours to 36 a week, and compares this with US reports that there the 4-day, 40-hours scheme of things has not taken off. In the Netherlands, only one of the seven introductions failed; in the other eix instances, both management and the workforce seem well satisfied.

Developing the skill of time management, ***T McConalogue in Management Decision (UK), Vol 25 No 1 (3½ pages)***

Contends that while managers say they want to save time, they often unconsciously waste it in order to avoid facing up to some of the unpleasant realities of the job – and that time-wasting activities (phone calls, interruptions, loog meetings), about which they complain, are an important cover under which they can hide. Sets out a procedure for developing time management skills, involving data collection, stress point identification, and support system assessment.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

TECHNOLOGY

Out from under the paperwork mountain

Alan Cane examines the world's most advanced electronic office project

A £2m "electronic office" – more advanced than any yet seen, either in the US or Europe – is in the latter stages of construction just off the Strand in tha heart of London.

The result of an 18 month experiment called Atol (Automation, Technical and Operations Laboratory), it has been pioneered by management consultants Arthur Andersen to demonstrate that modern technology is ready to cope with the volume and complexity of the information required and generated by *major technical projects.*

Atol was created in Arthur Andersen's Chiswick centre in west London. Now it is being moved to the company's headquarters as the focus of an exhibition which is expected to draw visitors from all over Europe.

The exhibition is aimed at major companies in the engineering, manufacturing, defence and offshore oil businesses, which hava a powerful need for new ways of managiug their technical information.

Eventually, however, the consultancy hopes to use the lessons it has learned from Atol ln industries such as insurance and banking.

It has identified four headaches which afflict major technical projects. These are:

●The volume of written material generated during such projects can be cnormous. The paperwork required for the construction of a major offshore structure such as an oil rig may weigh as much as the rig itself. Piled up, the documentation might reach twice the height of the rig.

The proposed Channel Tunnel, for example, is expected to generate some 9m documents in French and English during the design phase alone. Arthur Andersen has been working with the contractors to develop methods of dealing with this mountain of detail.

●*The information comprises* a wide variety of types of data and kinds of media on which it is stored. Andersen has been working with the UK group Vickers Shipbuilding and Engineering (VSEL), the US electronics company Tektronix and the consultancy Vector Pel to develop methods of scanning electronically hand-drawn parts diagrams which, complete with hand-written annotations, can then be stored in a computerised database.

●There are complex relationships between the varions forms of data – for instance, between drawings, specifications, calculations and quality assurance schedules.

Arthur Andersen, as a direct result of its experience with Atol, has a contract with the West German electricity supply ntility to convert soma 20,000 local authority maps into compnter-retrievable form. Each house on each map has to be identified and given a code number so that it can serve as a reference for the electricity supply network.

Manually, it would take six hours to scan each map and feed it into the computer system. Andersen reckons its automated scanning techniques have cut the time to two hours a map, a saving, over the life of the project, of 30 man-years of effort.

●There are usually a very large number of players – designers, contractors, suppliers and so on – involved, each of whom has to be supplied with the latest version of the plans.

Paul Bradford, manager in charge of the Atol project says: "People are often working *from out-of-date designs* or plans. The cost can be very high. One oil company calculated that it cost it a total of £1m to put right the problems caused by sending the wrong spare part to an offshore oil rig."

Arthur Andersen has taken the role of systems integrator for Atol, putting together a mixed bag of hardware and software and writing special computer programs to create a seamless whole.

The hardware and software has been supplied free by the manufacturers. It includes document scanners from Dest, Canon, Plexus and Tektronix, computer hardware from Digital Equlpment, computer *aided* design equipment from Apollo, natworking from Ungermann Bass, Fibronics, Novell and GEC, workstations from Apollo and Compaq, hand-held computers from Husky and micrographics equipment from 3M.

Software includes artificial intelligeuce (Smalltalk and Prolog) computer aided design (Pafec, Cadcentre and Autocad), ralational databases (DB2, Oracle and Ingres) and project management (Artemis).

This list of manufacturers of integrated equipment (connected together so that words, images or diagrams created in any part of the system can be transported to any other part of the system without fault or loss) is, in itself, remarkable.

Arthur Andersen would seem to have achieved integration at two levels. First, between equlpment made by separate manufacturers – itself a difficult technical task – *and second, between information and functions.*

"Rather than defining technologies as being computer-aided design, artificial intelligence or optical disks," Arthur Andersen argues, "we have said that at the most fundamental level, technologies can be grouped together by data types.

"For example, computer aided deslgn technologies have traditionally focused on graphics, whereas word processing has focused on text. Once bridges are built between these technology gronps, the lntegratlon of information *becomes* possible."

Arthur Andersen is an old hand at creating exhibitions to demonstrate its skills in integrating modern technolo*gies. This will be the third* year it has built and run a miniature factory to demonstrate computer integrated manufacturing (CIM).

The intention is eventually to link the Atol technical information project directly to the CIM factory to manufacture a product. A small modelling robot in Arthur Andersen's home town of Chicago will be driven by instruction generated in London.

Paul Bradford, project manager of Arthur Andersen's Atol systems integration centre. It is hoped that lessons learned will be used in industries such as engineering and finance.

Andersen finds a route through barriers to systems integration

ANDERSEN'S Atol project marks a significant staging post in what is proving to be a long and difficult journey towards the electronic office – where paper is largely replaced by electronic images.

It has shown that there are ways of overcoming one of the major obstacles – the *fect that systems* from different manufacturers do not work easily together if at all.

Awareness in large companies that this incompatibility was hindering their ability to build the kinds of data processing systems best suited to their needs was a major factor in the drive towards Open Systems Interconnectlon (OSI). This is a set of connection rules designed to ensure that equipment from all manufacturers obeying the rules can be connected to and can communicate together.

General Motors has been the main force behind the manufactur*ing Industry version of OSI, MAP* (Manufacturing Automation Protocol), while Boeing Corporation has sponsored another version more suited to the management of technical documentation, TOP (Technical Office Protocol).

All these sets of rules define the physical ways systems have been connected together and detail the way information is handled as it flows through the network.

So has Arthur Andersen reinvented the wheel? Why is Atol an advance on TOP?

As Paul Bradford, Atol's project *manager, explains, the definition* of the rules in TOP are a long way from complete and agreed. Atol, therefore, uses such standards as are available and improvises where there are gaps.

The communications backbona, for example, is Ethernet, a high-speed local area network which is also the basis of the TOP approach.

But the movement of data and messages across the natwork requires rules and procedures which are not yet defined by TOP. So Arthor Andersen uses de facto rules that emerged from the US Department of Defense ARPANET computer networking project.

Thls networking approach is claimed to overcome the problem of linking applications across a wide range of systems and to support the rapid and accurate transmission of large volumes of data.

The Atol exhibition will demonstrate eight functions which together make up what Andersen calls Technical Information Management.

These are information capture through scanning, loformatlon interpretation using artificial intelligence, design and review using three-dimensional computer aided design techniques, management of the entire project with planning and scheduling software, information configuration, storage and retrieval, development or production control and information distribution.

WORTH WATCHING

Edited by Geoffrey Charlish

Argonne switches into superdrive

ALTHOUGH NO more than a scientific novelty at this stage, a superconducting electric motor, claimed to be the world's first, has been designed and built at Argonne National Laboratory in the US.

The motor is based on a fundamental property of superconductors, but not the widely publicised phenomenon that they lose their electrical resistance at low temperatores. *Instead,* advantage is being taken of the fact that the superconducting material also tends to expel magnetic fields. Thus a magnet brought close to it is pushed away.

The Argonne team, under physicist Roger Poeppel, constructed an 8.5 inch aluminium disc with 24 small electromagnets around the bottom of the outer edge. The ring of electromagnets rotates above two pads made from the new yttrium barium copper oxide superconductor.

Each electromagnet is switched on as it is passing a pad and the pad responds by pushing the electromagnet away, further rotating the disc in the process. Liquid nitrogen cools the whole assembly.

The rudlmentary motor produces very little mechanical power, however, and practical motors may well take other forms.

If successful, the process could result in sharp cost reductions and open up new applications for the material.

BNF strengthens metals research

NEW RESEARCH at the BNF Metals Technology Centre in the UK, supported by 14 companies from eight countries, is aimed at developing cheaper productlon processes for metal matrix composites (MMC).

These materlals, light alloys with embedded nonmetallic fibres, have exceptional strength-to-weight ratios but are labour intensive to manufacture.

The BNF sponsors wlll spend £0.75m over three years in an attempt to apply a previously developed technique for fibre infiltration to a semi-continuous (or possibly continuous) production method for MMC sheet.

Acid test for heat exchangers

HEAT EXCHANGERS, made from a material composed of graphite and fluoropolymer, have been developed jointly by Alfa Laval of Sweden and SIGRI of West Germany, part of the Hoechst chemicals group. These devices are used in industry to reclaim heat from working fluids.

The SIGRI material, called Diabon F, is being used in a plate heat exchanger design. It can withstand temperatures up to 140 deg C at six atmospheres preseure, and can be used to reclaim heat from highly corrosive fluids like industrial acids.

BIS sees electronic sales expansion

BIS Mackintosh, the electronics market research group, *recently polled* readers of its newsletter, and found that over half are expecting sales in the industry to grow by more than 10 per cent in in 1988. A quarter of them expect an increase of 15 per cent.

Telecoms continues to move ahead strongly, with a predicted sales rise of 34 per cent. Computers and office products are a long way behlnd with 19 per cent, followed by software (17 per cent) and recording media (magnetic and optical) at 11 per cent.

Asked what they thought would inhibit growth, 42 per cent cited the general economic climate, while 21 per cent quoted lack of agreement on standards.

Optical storage is the technology expected to make the most significant contribution to market development over the coming year.

CONTACTS: Argonne National Laboratory: US, (312) 972 5684. BNF Metals Technology Centre: UK, 02357 2992. Alfa Laval: London office, 560 1221. BIS Mackintosh: UK, 0582 405678.

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UK farmers' union seeks green pound devaluation

BY DAVID BLACKWELL

THE NATIONAL Farmers' Union is stepping up its campaign for the devaluation of the green pound by about 9 per cent as the next EC price fixing round approaches.

The green pound is the artificial exchange rate at which EC farm support prices are translated into sterling. The union says it is overvalued by approaching 20 per cent, and is further damaging UK farm incomes when they are already at historic lows.

A devaluation of 9 per cent at current exchange rates would effectively wipe out the UK monetary compensatory amounts (MCAs) on beef and reduce by more than half the MCAs on cereals. MCAs operate in the UK as a tax on exports and a subsidy on imports in EC trading in farm produce.

Mr Ian Gardiner, head of the NFU commodity policy unit, said yesterday that UK agriculture was an efficient industry being held back by government policy. He maintained that devaluing the green pound by the full 20 per cent would add only 1p to the price of a loaf of bread, but would add £800m to farm incomes over the year.

"We are only asking for half that," he said.

The union said that the Government would support some devaluation of the green pound, but would argue against too large a devaluation on the grounds that the price of food would rise, and the tax-payer would be faced with the bill for higher support prices.

However, these objections had been exaggerated, the union said. It estimated that a 10 per cent devaluation would have an impact of only half a percentage point on the Retail Price Index, and would cost the British Exchequer between £80m and £90m.

The union said that devaluation of the green pound was the only measure the Government could take to boost farm incomes.

"Electricity prices will be raised on the grounds that the industry is getting an insufficient return on its capital," said Mr Gardiner. "But farmers are not getting an adequate return on their capital."

As part of the NFU campaign pig farmers, whose prices are at their lowest levels for five years, are to lobby Mr John MacGregor, the Minister of Agriculture, to push for the early abolition of MCAs on pigmeat imported from the EC.

Mr Simon Gourlay, NFU president, will lead a delegation to see the Minister on January 28. The pig farmers believe the MCAs, which subsidise imports, are handicapping them by £70 a tonne on bacon and £65 a tonne on pork.

"Not only are prices at their lowest for five years – recent increases in cereal costs are putting our margins under very severe pressure, and we see no prospect of any early improvement," said Mr David Witherick, NFU pigs committee chairman. "UK producers cannot accept the importation of subsidised products."

China gives tin exports assurance

By Wong Sulong in Kuala Lumpur

CHINA HAS given an assurance to the Association of Tin Producing Countries that its "runaway" exports of last year will not be repeated.

The ATPC executive council, meeting here, had expressed concern that the effectiveness of its export rationalisation scheme to reduce surplus stocks and firm up prices would be undermined by China's export surge.

Under the scheme, the seven members – Malaysia, Indonesia, Thailand, Bolivia, Australia, Nigeria and Zaire – agreed to limit their exports to 96,000 tonnes last year, provided that Brazil and China stuck to exports of 21,000 tonnes and 7,000 tonnes respectively.

The association's executive council is reported to be encountering differing views on how the export rationalisation scheme for the next 12 months, starting march, should be worked out.

Malaysia and Indonesia would like the export quota to remain at 96,000 tonnes, with some redistribution of individual quotas in their favour, because Bolivia had not been able to fulfil its quota of 13,761 tonnes.

Bolivia, on the other hand, would prefer the quota to be raised to 105,000 tonnes, as it feels such an increase would not have any impact on prices.

Since the scheme was implemented, the world's tin surplus has been reduced by an average of 2,600 tonnes a month, to the current 50,000 tonnes.

The four day ATPC meeting ends today.

Alastair Guild on the growing interest in shrimp farming

Bangladesh's seafood Eldorado

THE STRETCH of coast from Chittagong in the north to Teknaf at the southern most tip of Bangladesh is fast attracting the attention of big business, not for any oil or holiday resort prospects, but for its shrimps.

The narrow inlets and estuaries which course through the low lying paddy, provide the circulation of water necessary for sea water varieties. This combines with the water quality and the fertility of the land to make the area something of a seafood Eldorado.

Frozen shrimps are, in value, the largest non-traditional export from Bangladesh. Production of export quality shrimps, mainly concentrated in Khulna and now on the south east coast, could be increased fourfold with better developed and more intensive cultivation, says a recent World Bank study on Bangladesh.

This year, however, production fell, on some farms by as much as 40 per cent. Sea water varieties were badly affected by the drop in salinity after the heavy rains washed away the banks of some ponds.

But shrimp producers believe that in spite of such setbacks, they can improve yields year after year by deploying yet more intensive culture techniques.

Much of the current interest is focused around the small town of Cox's Bazar, where cultivation and freezing techniques are being developed, with the aid of the International Development Agency, which is to establish a large demonstration hatchery at a cost of Tk 6m (£110,000).

There is, at present, only one commercial hatchery in the district and experience from that shows that the technology has still to be perfected, says Mr Shafignr Rahman, the IDA's deputy project director at Cox's Bazar.

The agency's 311 plastic tanks are expected to produce 10m salt water shrimp fry a year from broodstock taken from the sea. It hopes that hatcheries, by meeting the demand for fry from nearby shrimp farms, will reduce the numbers of juvenile shrimps collected from estuaries, so helping to conserve natural stocks.

In ten years time, according to some estimates, hatcheries may be the only source of shrimp fry, unless trawling for shrimps off the Bangladesh coast is substantially reduced from its present rate.

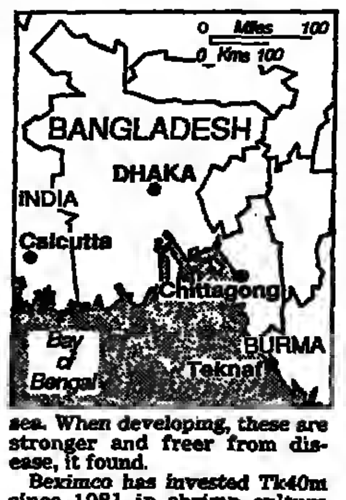
Once the IDA has gathered experience from its own hatchery, it intends financing nine private sector hatcheries, giving credit to the tune of $1.5m.

Just a short walk along the beach from the demonstration hatchery, Lever Brothers Bangladesh has purchased a site for a hatchery to supply its own fully-integrated shrimp facility in the area.

The company, 61 per cent owned by Unilever and 39 per cent by the Bangladeshi Government, anticipates spending Tk65m on this project. It is expected to extend to 48 hectares when complete, with an anticipated yield of 6 tonnes/ha per year.

The mature shrimps will be transported to Chittagong where Lever Brothers plans to create freezer capacity, with the entire output going for export.

Beximco, one of the largest conglomerates in Bangladesh, with interests ranging from agrochemicals to garments and pharmaceuticals, thought it more cost effective to cut out the hatchery stage and buy instead shrimp fry caught at



sea. When developing, these are stronger and freer from disease, it found.

Beximco has invested Tk40m since 1981 in shrimp culture alone across a total of 1,400 acres of land in the Cox's Bazar district. Beximco Fisheries' annual turnover from its Cox's operation is Tk400m, entirely from exports.

In spit of shrimp farming's high profit potential, however, some farmers in the Cox's Bazar area say they are finding it difficult to finance improvements to their farms.

In 1984, the private Allah-Wala company applied to the Krishi Bank for a loan of Tk5m to expand its cultivation and build its own hatchery. It received only Tk1m because, said the bank, hatcheries had no track record in Bangladesh.

Shrimp farmers in general and small producers in particular find it difficult to get credit from the banks, says Mr Jahangir Quasem, executive director of Allah-Wala and an officer in the locally based Shrimp Culture Association. Most shrimp lands are leased, so the farmer is unable to offer collateral.

There is also concern among shrimp producers at the increase in tax on this land. On ordinary paddy fields, the tax is Tk150 an acre, on shrimp areas Tk1,500 an acre, and the Government's aims to increase this again in two or three years time.

But most shrimp farmers can well afford to pay the extra, according to some observers, who claim that for every Taka of income from paddy, a farmer can get Tk50 from shrimp culture.

Allah Wala believes it can dramatically increase the yield from its 70 acres of ponds by positioning one aerating machine for every acre. On the international market, these water wheels, manufactured in Taiwan, cost Tk16,000. But import duty of Tk9,000 is payable, so Allah Wala has set up a joint venture with a Japanese company to manufacture them in Bangladesh.

"The Asian Development Bank will be distributing Tk600 an acre, but that is insignificant and much of it will be written off in bad projects," says the owner of one medium sized farm. "What is needed is effective monitoring and systems of advice at sub district level, with practical classes run to impart technical know-how."

At the back of some minds is the possibility of world oversupply. Wild fluctations in prices are already disturbing a few of the larger producers.

"We are obviously aware that saturation point on some international markets may be reached in the next few years, with intensive cultivation on the increase in the Southeast Asia region, particularly in Taiwan and Indonesia," says Mr Henk Hemmen, managing director of Lever Brothers Bangladesh.

US plans grasshopper defence

BY NANCY DUNNE IN WASHINGTON

NINE US agencies have joined forces in hope of preventing a repeat of the devastating grasshopper plagues which struck the American and Canadian West in 1985 and 1986.

Last year the grasshoppers were kept in check by cold, wet weather in the early spring. But climactic conditions cannot be relied upon to restrain the pests indefinitely.

This year a coalition of federal agencies has designated 6m acres in Idaho and North Dakota as an outdoor laboratory to test control methods. The $3m project will test new types of treatments, baits, and insecticides.

The grasshopper scourge began in 1985 when weather conditions in the West upset a delicate balance in which diseases keep the hopper numbers stable. The insects flourished in the hot dry weather that year and were able to reproduce faster than their natural diseases infected them.

With millions of grasshoppers feasting on already drought-stressed crops, the US Department of Agriculture was forced to declare a national emergency and to spend millions of dollars on aerial spraying over 12 states.

The lead agency of the project is the USDA's Animal and Plant Health Inspection Service, which expects to gather information that will help participating agencies and the Western states control grasshoppers

Indian weavers plan production cut

BY R.C. MURTHY IN BOMBAY

THE INDIAN cotton textile industry is proposing a six-day week in response to the cotton shortage. India's cotton crop estimate this year is scaled down by nearly 1m bales of 170 kg to 9m bales following drought in several states and unseasonal rains in others.

Cotton prices have soared to dizzy heights fuelled by the smaller crop forecast. Several long staple varieties are fetching some 50 per cent more now, when the crop is still arriving at the markets, than at the beginning of cotton season on October 1.

Textile mills fear cotton prices will double after June, when the lean season starts. The Indian Cotton Mills Federation has asked the Government to allow the import of 1m bales of cotton and 20,000 tonnes of viscose stable fibre to supplement domestic stocks and halt the price spiral.

But the domestic viscose fibre industry and the farm lobby are pressing the Government not to permit cotton imports, citing the country's difficult balance of payments position. No date has been set by the textile industry for the one-day a -week suspension of production. If the partial closure plan takes effect from February 1, cotton requirements of textile mills will drop by nearly 1m bales over the remaining eight months of the 1987-88 cotton season.

Textile mill owners feel that the threat of six-day week will have a bearish impact on prices, which will rise less strongly than before even if the Government delays a decision on their request for 1m bales of imports.

Port strike arbitration recommended

BY DAVID OWEN IN TORONTO

Mr William Kelly, the Canadian Government's top labour mediator, has ended his attempts to settle the five-week-old grain handlers strike by recommending that the dispute be referred to binding arbitration.

Speculation is growing that Mr Pierre Cadieux, the Labour Minister, may seek to implement back-to-work legislation if the two sides fail to resolve their differences shortly.

The strike has put Canada well behind in its grain exports.

Mr Kelly said that his proposal does not mean that the dispute, which involves 69 members of the Canadian Grain Workers' union at the Pacific coast terminal of Prince Rupert, is "unresolvable".

LME to trade nickel in dollars

By David Blackwell

THE LONDON Metal Exchange is to switch nickel trading from sterling to dollars from February 1.

This marks the first direct switch in base metal trading to the US currency, which has been seen to be dominant in metal trading during its recent wild fluctuations. Traders in London have increasingly been quoting the nickel price in dollars a lb.

However, the contract for 99.7 per cent pure aluminium broke the century-old LME tradition of trading in sterling when it was launched in June last year denominated in dollars. The 99.5 per cent pure aluminium contract, which is traded in sterling, is to be phased out at the end of this year.

Open contracts in nickel will be settled in sterling up to January 31, and then switched to dollars, the LME said.

EC pays for fish talks delay

BY TIM DICKSON IN BRUSSELS

THE FINANCIAL implications of the European Community's failure to negotiate a new fishing agreement with Morocco became clear yesterday when the European Commission announced compensation of Ecu3m (£2.07m) per month for those Spanish and Portuguese fishermen affected by the hold up.

The inability of the two sides to meet the December 31 deadline when the previous pact ran out – a setback which has caused considerable friction between Brussels and Madrid – is thought to affect around 700 Spanish vessels plus 30 Portuguese boats.

These are now deprived of their former fishing rights in Moroccan waters, a situation which led the two Iberian Governments to apply to the Commission for aid. The Brussels authorities said yesterday that the "temporary indemnity" had been provided "in view of the economic and social circumstances" of the fishermen involved and "to show Community solidarity towards the 10,000 fishermen" affected by the delay

The payments being made, which are without precedent, have been approved for January but are likely to be continued until a deal with the Moroccans has been reached. They are understood to be lower than the demands made by Lisbon and Madrid but higher than the Brussels executive would have liked to provide.

Yesterday's move comes at a time when blame for last year's breakdown is still being apportioned on all sides. It seems clear that the Community and the Moroccan positions are still wide apart and that the North African country's tough stand has partly been inspired by a feeling that its surprise application for EC membership last year appears to be getting the cold shoulder in the Community.

Rabat is understood to have been unwilling to accept the Community's request for a 25 to 30 per cent increase in the gross registered tonnage of EC boats permitted to fish in Moroccan waters. It also demanded a reduction in the Community's fishing effort in the area of 10 per cent a year, a condition which Brussels was only willing to accept for some species.

Wide differences remain on the level of financial compensation for the Moroccans who are known to have asked for a figure of more than Ecu100m, against the Ecu37m on the table from the European side.

The demand for free access for canned sardines – against the previous quotas, one zero rated, the other involving a 10 per cent duty – was opposed by all the Mediterranean countries in the Community

Brussels officials are angry at the way Spain has publicly criticised their performance and retort that the Madrid Government was extremely obdurate, limiting the scope for compromise.

Minor metals guidelines to be circulated

MOST MINOR metal trading is not covered by the Financial Services Act and most Minor Metals Traders Association members do not need to seek approval under the Act, according to the the association, Reuter reports.

The Association of Futures Brokers and Dealers has accepted proposed MMTA trading guidelines designed to clarify the regulatory position, with some amendments, Mr John Dewey, sub-committee member said. These guidelines will now be circulated to members, who can then decide individually whether they need to seek approval.

They will also be sent to the Securities and Investments Board, the main regulator of UK investment business.

Mr Dewey said the great bulk of minor metals business is merchant activity, and thus does not come under the categories covered by the Act.

WORLD COMMODITIES PRICES

LONDON MARKETS

COPPER PRICES fell further yesterday on the London Metal Exchange after a wave of nervopus selling in morning trading. The move was initially seen as another downward technical reaction to the market's long-term uptrend. But some traders said a recent halt to the fall in LME stocks and a narrowing of premiums recently paid for nearby shipment copper were factors which, if continued, could further undermine bullish market sentiment. Meanwhile cocoa prices were stagnant as the market awaited news from the emrgency session of the International Cocoa Organsiation. The market remained nervous about the outcoms of the talks, which are wrestling with the problems of reactivating the price support mechanism. Sentiment was bearishly affected by recent market talk that the Ivory Coast's 1987/88 total cocoa crop could reach a record 600,000 tonnes, dealers said.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.30-5.50y	+0.375
Brent Blend	$16.50-6.60y	+0.25
W.T.I.(1 pm est)	$16.78-6.83y	+0.20

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$157-159	−1.5
Gas Oil	$144-145	−1.5
Heavy Fuel Oil	$72-73	+1
Naphtha	$144-147	+1
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$482.00	−0.50
Silver (per troy oz)♣	681c	−2
Platinum (per troy oz)	$500.75	−1.35
Palladium (per troy oz)	$128.00	+8.00
Aluminium (free market)	$2065	+55
Copper (US Producer)	134½-140c	−6.5
Lead (US Producer)	40c	
Nickel (free market)	370c	+25
Tin (European free market)	£3855	+17.50
Tin (Kuala Lumpur market)	17.33r	+0.07
Tin (New York)	321.5c	+1
Zinc (Euro. Prod. Price)	$860	
Zinc (US Prime Western)	44.375c	
Cattle (live weight)†	106.03p	+0.15*
Sheep (dead weight)†	152.72p	−13.71*
Pigs (live weight)†	65.64p	−1.68*
London daily sugar (raw)	$241.50v	+4.20
London daily sugar (white)	$247.50v	+5.00
Tate and Lyle export price	£240.00	+3.00
Barley (English feed)	£111.50z	
Maize (US No. 3 yellow)	£140.00u	
Wheat (US Dark Northern)	£94.75u	+0.50
Rubber (spot)♥	64.00p	−0.50
Rubber (Feb) ♥	67.00p	
Rubber (Mar) ♥	68.75p	
Rubber (KL RSS No 1 Feb)	283.00m	+0.50
Coconut oil (Philippines)§	$580.00v	+5
Palm Oil (Malaysian)§	$500.00z	
Copra (Philippines)§	$390.00	+10
Soyabeans (US)	£152.00	−18.00
Cotton "A" Index	73.65c	+1.10
Wooltops (64s Super)	488p	+4

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Feb/Mar. v-Jan/Feb. z-Jan/Mar. y-Feb. u-Apr/May † Meat Commission average fatstock prices. * change from a week ago. ♥ London physical market. § CIF Rotterdam ♣ Bullion market close. m-Malaysian/Singapore cents/kg

COCOA £/tonne

	Close	Previous	High/Low
Mar	1118	1119	1132 1110
May	1140	1140	1153 1134
Jly	1160	1160	1170 1154
Sep	1179	1179	1189 1172
Dec	1202	1203	1211 1196
Mar	1223	1227	1236 1210
May	1243	1247	1252 1241

Turnover: 4174 (2332) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for January 13: 1428.99 (1439.15) .10 day average for January 14: 1415.48 (1407.04).

COFFEE £/tonne

	Close	Previous	High/Low
Jan	1190	1190	1194 1187
Mar	1218	1218	1223 1215
May	1236	1239	1244 1234
Jly	1257	1265	1267 1256
Sep	1279	1278	1283 1278
Nov	1302	1298	1310 1300
Jan	1320	1315	

Turnover: 1650 (3044) lots of 5 tonnes
ICO indicator prices (US cents per pound) for January 13: Comp. daily 1979 115.00 (114.54); 15 day average 114.77 (114.80).

SUGAR $ per tonne

Raw	Close	Previous	High/Low
Mar	212.80	209.80	213.80 206.80
May	212.00	208.80	212.00 208.20
Aug	211.40	208.80	211.80 208.00
Oct	210.80	208.60	211.60 208.00
Dec	213.80	209.00	
Mar	214.00	211.00	
May	216.00	212.00	

White	Close	Previous	High/Low
Mar	250.00	246.50	250.00 248.50
May	252.00	249.00	251.50 248.00
Aug	255.50	254.00	256.20 252.00
Oct	255.50	254.00	256.00 252.10
Dec	255.50	254.00	
Mar	260.00	257.50	258.50
May	263.00	259.50	258.40

Turnover: Raw 7526 (6372) lots of 50 tonnes; White 1390 (1516).
Paris- White (FFr per tonne): Mar 1375, May 1391, Aug 1425, Oct 1415, Dec 1420, Mar 1465.

GAS OIL $/tonne

	Close	Previous	High/Low
Feb	143.25	145.50	144.25 142.50
Mar	140.25	141.25	141.25 138.50
Apr	137.00	137.50	137.50 135.25
May	134.75	135.00	134.75 133.00
Jun	134.00	136.00	134.00
Jul	134.50	135.50	134.50 134.00

Turnover: 6155 (6580) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Jan	110.30	109.80	
Mar	111.50	111.50	111.60 111.40
May	114.00	113.90	114.20 113.90
Jly	115.85	115.75	115.85 115.75
Sep	102.90	102.90	102.90
Nov	104.85	104.90	104.85
Jan	107.60	107.60	

Barley	Close	Previous	High/Low
Jan	105.45	105.55	105.50 105.45
Mar	107.25	107.25	107.30 107.20
May	108.15	108.00	
Sep	97.90	98.10	
Nov	100.35	100.55	
Jan	102.65	102.65	

Turnover: Wheat 78 (488), Barley 13 (32) lots of 100 tonnes. EL-3

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 1,600 tonne
Cash	2065-85	2000-40		2055-75		
3 months	1935-55	1900-20		1925-45	1940-50	2,679 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 14,700 tonne
Cash	1135-6	1112-4	1128/1127	1127-8		
3 months	1058-9	1035-6	1061/1045	1053-4	1058-8	49,840 lots
Copper, Grade A (£ per tonne)						Ring turnover 47,800 tonne
Cash	1365-80	1458-62	1360/1320	1320-30		
3 months	1250-1	1345-7	1315/1235	1235-40	1266-7	76,808 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1320-30	1390-420		1285-300		
3 months	1210-20	1315-25		1200-10		47 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	677-80	677-82		676-9		
3 months	688-91	690-3		688-91	698-9	685 lots
Lead (£ per tonne)						Ring turnover 15,200 tonne
Cash	351-3	350-1	351	351-2		
3 months	342-3	342-2.5	345/339	341.5-2	345-6	12,829 lots
Nickel (£ per tonne)						Ring turnover 3,630 tonne
Cash	4320-40	4250-60	4450/4250	4450-70		
3 months	4000-10	4000-5	4050/3900	4000-20	3995-4005	9,717 lots
Zinc (£ per tonne)						Ring turnover 16,625 tonne
Cash	490-5-1	483-4	487	488.5-7.5		
3 months	492-2.5	486-7	496/488	489-90	495-5.5	12,811 lots

POTATOES £/tonne

	Close	Previous	High/Low
Feb	98.30	97.50	
Mar	87.50	87.50	87.00
Apr	150.40	149.50	150.50 149.30
May	164.00	163.30	164.00 163.50
Nov	88.60	88.10	
Feb	95.50	96.00	

Turnover: 241 (325) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Apr	130.00	128.30	129.50 129.00
Jun	122.00	118.50	
Aug	121.00	119.00	
Oct	122.00	119.50	
Dec	122.00	121.00	
Feb	124.00	123.50	

Turnover: 320 (970) lots of 100 tonnes.

FREIGHT FUTURES £/index point

	Close	Previous	High/Low
Jan	1422.0	1418.0	1422.0 1415.0
Apr	1492.0	1475.0	1492.0 1470.0
Jly	1348.0	1348.5	1350.0 1337.0
Oct	1399.0	1395.0	1399.0
BFI	1374.5	1369.0	

Turnover: 327 (378)

FRUIT AND VEGETABLES
Apples, oranges and grapefruit remain stable, reports FFVIB. Cape sultana grapes £2.25-2.50 (£2.50-3.00). Jaffa kumquats £1.60-2.00 (£2.00-2.50). Cape apricots 70-85p (80p-£1.00) and marmalade oranges, 25-35p (30-35p), increased in supply. Pineapples, 50p-£1.80 each, and Sharon fruit, 25-40p, remain in plentiful supply. After the mild, wet weather brussels sprouts, 18-32p (28-40p), and cauliflowers, 35-55p each (45-65p), are abundant. Celtic and January king cabbage, 20-30p, and savoy, 20-25p, are Lettuce supplies have increased slightly, Icebergs are 75p to £1.10 each (80p-£1.20) but round lettuce is stable at 35-50p and Chinese leaves are 70-90p a head (65-95p) on heavy demand. Tomatoes, 55-75p, and celery, 40-60p a head, are unchanged.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	481¾-482¼	264¾-265¼
Opening	481-481½	264¼-264¾
Morning fix	480.80	264.066
Afternoon fix	481.40	264.482
Day's high	481¾-482¼	
Day's low	480¼-480¾	

Coins	$ price	£ equivalent
US Eagle	496-501	272½-275½
Mapleleaf	496-501	272½-275½
Britannia	496-501	272½-275½
Krugerrand	480½-483½	264-266
1/2 Krug	250-259	137½-142½
1/4 Krug	124-132	68¼-72½
Angel	493-496	271-273¾
1/10 Angel	49-54	27-29¾
New Sov.	113¼-114¾	62¼-63
Old Sov.	113¼-114¾	62¼-63½
Noble Plat	516-522	283½-287

Silver fix	p/fine oz	US cts equiv
Spot	372.80	678.80
3 months	380.88	690.85
6 months	389.65	708.55
12 months	408.90	732.85

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1850	185	177	35	123
1950	108	131	72	175
2050	59	85	127	237
Aluminium (99.5%)	**Calls**		**Puts**	
1800	217	159	38	79
1900	151	109	71	127
2000	100	71	119	186
Copper (Grade A)	**Calls**		**Puts**	
2150		286		269
2350	213	210	190	368
2550	133	151	309	525

US MARKETS

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	487.0	480.2	0	0
Feb	488.2	481.8	488.5	481.2
Mar	490.8	484.2	485.5	484.2
Apr	494.2	487.6	495.0	484.8
Jun	500.1	493.5	500.5	493.4
Aug	506.3	499.5	502.1	500.4
Oct	512.6	506.0	506.5	508.3
Dec	519.3	512.4	520.5	512.0
Feb	526.1	510.1	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	505.9	500.0	506.0	498.7
Apr	513.2	507.5	514.3	505.1
Jul	520.7	515.0	522.0	514.0
Oct	528.7	523.0	0	0
Jan	536.7	531.0	0	0
Apr	540.0	0	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	687.2	677.8	680.0	680.0
Feb	689.8	680.8	0	0
Mar	693.5	684.5	696.0	683.0
May	703.3	694.1	706.0	693.5
Jul	712.9	703.8	713.0	703.5
Sep	722.1	712.7	0	0
Dec	737.5	728.1	740.0	729.0
Jan	742.2	732.8	0	0
Mar	753.0	743.6	0	0
May	763.5	754.1	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	121.00	124.00	121.00	116.50
Feb	115.30	122.00	0	0
Mar	107.80	108.85	106.20	104.00
May	96.30	98.50	97.00	94.70
Jul	85.30	88.80	87.50	84.00
Sep	82.30	85.50	83.50	82.00
Dec	81.30	84.50	83.20	81.00
Jan	81.10	84.30	0	0
Mar	80.30	83.80	0	0
May	80.40	83.40	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Feb	17.00	16.59	17.07	16.51
Mar	16.85	16.40	16.90	16.32
Apr	16.73	16.28	16.77	16.20
May	16.63	16.18	16.64	16.11
Jun	16.51	16.09	16.53	16.10
Jul	16.37	16.02	16.40	16.00
Aug	16.25	15.95	16.26	15.90
Sep	16.13	15.88	16.13	15.90
Oct	15.95	15.81	15.95	15.86

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Feb	51.40	50.85	51.30	50.00
Mar	48.95	47.89	48.70	47.35
Apr	46.45	45.20	46.15	44.90
May	45.00	43.75	44.90	43.60
Jun	44.05	42.80	43.80	42.60
Jul	44.15	42.65	48.00	45.00

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1866	1884	1897	1845
May	1895	1920	1925	1873
Jul	1921	1951	1956	1910
Sep	1950	1979	1980	1955
Dec	1986	2018	2015	1989
Mar	2011	2043	0	0
May	2038	2070	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	127.34	127.42	128.18	127.05
May	130.07	130.12	130.70	129.80
Jul	132.40	132.36	132.85	132.00
Sep	134.75	134.48	135.00	134.00
Dec	137.75	137.50	137.95	137.75
Mar	140.00	140.25	0	0
May	140.00	142.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.45	9.27	9.47	9.27
May	9.39	9.20	9.42	9.20
Jul	9.36	9.24	9.43	9.10
Oct	9.31	9.23	9.40	9.18
Jan	9.33	9.28	0	0
Mar	9.55	9.39	9.62	9.41
May	9.59	9.41	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	65.29	65.96	66.26	65.25
May	65.66	66.63	67.00	65.85
Jul	66.18	66.88	67.50	66.13
Oct	63.70	64.20	64.30	64.20
Dec	62.55	63.65	63.30	62.50
Mar	63.75	64.25	0	0
May	63.95	64.40	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	171.50	172.30	172.80	171.85
Mar	174.25	175.45	175.20	174.05
May	175.25	176.00	176.00	176.00
Jul	175.30	176.30	176.00	175.25
Sep	172.90	174.25	174.25	173.00
Nov	171.25	171.30	172.00	171.00
Jan	166.25	167.50	167.00	167.00
Mar	166.25	164.00	0	0
May	166.25	167.50	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)				
	Jan 13	Jan 12	mnth ago	yr ago
	1731.1	1755.0	1664.1	1594.0

DOW JONES (Base: December 31 1974 = 100)				
Spot	133.91	133.85	132.23	115.39
Futures	135.75	136.06	133.79	116.79

APPOINTMENTS ADVERTISING

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Elizabeth Rowan Ext 3456
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Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	612/0	613/0	614/4	609/4
Mar	620/4	621/4	624/0	518/4
May	629/2	630/6	633/0	627/4
Jul	635/0	636/2	638/4	633/2
Aug	634/0	634/0	637/0	634/0
Sep	626/0	626/0	631/0	626/0
Nov	627/6	626/2	630/0	624/4
Jan	634/4	633/0	637/0	631/4
Mar	642/4	631/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	22.65	22.62	22.70	22.48
Mar	22.76	22.77	22.87	22.60
May	22.85	22.84	23.01	22.70
Jul	22.92	22.96	23.10	22.75
Aug	22.97	23.00	23.10	22.75
Sep	22.77	22.90	22.85	22.70
Oct	22.80	22.70	22.80	22.60
Dec	22.77	22.70	22.80	22.60

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	186.6	184.3	187.0	183.8
Mar	181.7	180.3	182.3	179.7
May	178.6	178.4	179.8	177.5
Jul	178.1	178.2	179.7	177.5
Aug	178.0	178.5	179.0	177.3
Sep	177.8	178.5	179.0	177.3
Oct	177.0	177.7	179.0	177.0
Dec	178.7	176.5	179.5	176.6
Jan	179.0	178.0	180.0	179.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	195/0	195/0	196/0	194/2
May	200/4	200/4	201/4	199/6
Jul	205/0	204/6	205/6	204/2
Sep	206/4	206/0	207/2	206/0
Dec	210/2	209/4	210/4	209/0
Mar	215/6	215/6	215/6	215/4
May	220/2	220/0	220/4	219/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	332/2	329/0	333/2	329/4
May	331/6	327/6	332/0	328/0
Jul	322/0	318/6	323/2	319/4
Sep	326/0	321/4	326/4	323/4
Dec	334/4	331/4	335/4	332/0
Mar	336/0	333/0	336/0	335/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	66.22	66.20	66.27	65.65
Apr	67.97	67.65	68.07	67.25
Jun	68.05	67.70	68.25	67.40
Aug	65.20	64.92	65.42	64.80
Oct	64.27	63.97	64.45	63.85
Dec	65.00	64.75	65.25	64.90

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	45.77	45.05	46.12	45.67
Apr	43.77	43.57	44.10	43.50
Jun	46.72	46.60	47.15	46.70
Jul	47.56	47.62	48.00	47.50
Aug	46.82	46.80	47.15	46.70
Oct	41.75	41.55	41.90	41.60
Dec	42.05	42.00	42.50	42.00

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	54.85	55.27	55.50	54.70
Mar	55.30	55.70	55.97	55.25
May	56.90	57.30	57.27	56.87
Jul	57.10	57.60	57.72	57.07

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar shows little change

TRADING WAS confined to a very narrow range in currency markets yesterday, ahead of today's release of US trade figures for November.

Most traders expected a reduction from from October's record deficit of $17.63bn. However, so many projections had been put forward that dealers decided to take the safe option and remain square.

Consequently the dollar was restricted in its movement. It opened stronger from Wednesday's closing levels, gaining strength from recent dollar buying by central banks. However in the absence of any follow support overnight by the Bank of Japan and no sign of intervention by European central banks, the dollar failed to hold on to its opening levels and lost ground during the day, but still managed to finish up from Wednesday's close.

A 0.7 p.c. increase in December retail sales index was slightly less than expected but had little influence on trading.

The dollar closed at DM1.6370 from DM1.6335 and Y126.70 compared with Y126.60. Elsewhere it finished at SFr1.3355 from SFr1.3300 and FFr5.5300 compared with FFr5.5125. On Bank of England figures, the dollar's exchange rate index rose from 93.1 to 93.3.

Comments by Mr Takeshita, Japanese Prime Minister, in talks with President Reagan, stressing a mutual determination to keep the dollar steady, appeared to have little effect, underlining the market's obsession with today's trade figures.

STERLING-Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. December average 1.8269. Exchange rate index 75.2 against 75.3 at the opening and on Thursday night. The six months ago figure was 73.0.

The pound remained very steady for most of the day but finished on a slightly weaker note. Trading remained thin ahead of today's US trade data. A fall of 35,400 in UK unemployment to 9.4 p.c. was generally expected although a year on year rise in average earnings of 8.25 p.c. seemed first to be a little higher than previously expected.

Sterling closed at $1.8190 from $1.8250 and DM2.9775 compared with DM2.9800. Against the yen it fell to Y230.50 from Y231.0. Elsewhere it finished at SFr2.4300 from SFr2.4275 and FFr10.0600, unchanged from Wednesday. **D-MARK-Trading range against the dollar in 1987/88 is 1.9305 to 1.5740. December average 1.6354. Exchange rate index 150.9 against 146.7 six months ago.**

The dollar managed to finish above the day's lows but was little changed from its higher opening in very quiet trading. It closed at DM1.6380 against DM1.6340. Earlier in the day it was fixed at DM1.6374 from DM1.6269.

While traders were reluctant to carry exposed positions ahead of today's trade figures, most remained distinctly bearish.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 159.45 to 121.35. December average 128.45. Exchange rate index 240.7 against 212.6 six months ago.

Trading remained very subdued in Tokyo ahead of today's US trade figures. In addition markets are closed today for a national holiday. There was no intervention by the Bank of Japan and the dollar closed at Y126.95, compared with Y126.25 in New York and Y126.30 on Wednesday. Elsewhere *the D-Mark fell to* Y77.57 from Y77.59.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan.14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.2025	+1.75	+0.99	±1.5344
Danish Krone	7.85212	7.93659	+1.08	+0.32	±1.6404
German D-Mark	2.05853	2.06567	+0.35	-0.41	±1.0981
French Franc	6.90403	6.97409	+1.01	+0.25	±1.3674
Dutch Guilder	2.31943	2.31986	+0.02	-0.74	±1.5012
Irish Punt	0.768411	0.777539	+1.19	+0.43	±1.6684
Italian Lira	1483.58	1520.08	+2.46	+2.15	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Jan.14	Latest	Previous Close
£ Spot	1.8190-1.8200	1.8220-1.8230
1 month	0.23-0.20pm	0.26-0.24pm
3 months	0.75-0.71pm	0.77-0.73pm
12 months	2.97-2.87pm	3.05-2.95pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Jan.14	Previous
8.30	am	75.3	75.5
9.00	am	75.3	75.5
10.00	am	75.3	75.5
11.00	am	75.3	75.5
Noon		75.3	75.6
1.00	pm	75.3	75.5
2.00	pm	75.3	75.5
3.00	pm	75.3	75.4
4.00	pm	75.2	75.3

POUND SPOT-FORWARD AGAINST THE POUND

Jan.14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8150-1.8230	1.8185-1.8195	0.22-0.19cpm	1.36	0.75-0.71pm	1.61
Canada	2.3448-2.3518	2.3460-2.3470	0.06-0.16cdis	-0.56	0.10dis-0.03pm	-0.08
Netherlands	3.33½-3.35	3.33½-3.34½	1¼-1cpm	4.26	4-3¾pm	4.41
Belgium	62.16-62.44	62.25-62.35	20-4cpm	2.31	48-26pm	2.38
Denmark	11.42¾-11.48	11.44-11.45	1⅛pm-1⅜oredis	-0.20	1⅞pm-1⅛dis	0.13
Ireland	1.1185-1.1285	1.1210-1.1220	0.07ppm-par	0.37	0.25-0.09pm	0.61
W. Germany	2.97¼-2.98¼	2.97¼-2.98¼	1½-1pfpm	5.04	4⅜-3⅞pm	5.46
Portugal	243.73-246.02	243.75-244.75	65-185cdis	-6.09	205-508dis	-5.84
Spain	201.92-202.87	201.95-202.25	56-85cdis	-4.19	157-206dis	-3.57
Italy	2189-2194¼	2193¼-2194¼	1-6lirdis	-1.91	8-14dis	-2.01
Norway	11.47¼-11.51¼	11.49-11.50	4⅞-6¼oredis	-5.81	15¼-16¼dis	-5.59
France	10.04¼-10.07	10.05¼-10.06¼	½pm-½cdis	-0.15	½pm-½dis	-0.05
Sweden	10.78¾-10.81¼	10.79-10.80	par-1⅛oredis	-0.63	½-1⅛dis	-0.39
Japan	230-231	230-231	1⅛-⅞ypm	4.56	3-2⅞pm	4.77
Austria	20.93-20.99	20.93-20.96	5-4gropm	2.58	15½-13½pm	2.79
Switzerland	2.42½-2.43½	2.42½-2.43½	1½-1¼cpm	7.10	4⅛-3⅞pm	6.58

Belgian rate is convertible francs. Financial franc 62.45-62.55. Six-month forward dollar 1.56-1.51cpm 12 month 3.00-2.90pm.

CURRENCY RATES

Jan.13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	-	0.758451	0.692740
U.S Dollar	6	1.39100	1.26148
Canadian $	8.75	1.79258	1.63134
Austrian Sch.	3	15.9242	14.5247
Belgian Franc	7	N/A	43.2025
Danish Krone	7½	8.68540	7.93659
Deutsche Mark	2½	2.26302	2.06567
Neth.Guilder	3¾	2.54344	2.31986
French Franc	9½	7.63937	6.97409
Italian Lira	12½	1664.47	1520.08
Japanese Yen	2½	175.548	159.956
Norway Krone	8	8.77443	7.97444
Spanish Peseta	-	153.980	140.252
Swedish Krona	7½	8.22011	7.48814
Swiss Franc	2½	N/A	1.68344
Greek Drach.	20½	180.594	164.636
Irish Punt	-	N/A	0.777539

All SDR rates for January 13

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Jan.14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8158-1.8230	1.8185-1.8195	0.22-0.19cpm	1.35	0.75-0.71pm	1.61
Ireland†	1.6195-1.6290	1.6220-1.6230	0.15-0.11cpm	0.96	0.45-0.35pm	0.99
Canada	1.2900-1.2935	1.2910-1.2920	0.19-0.22cdis	-1.90	0.48-0.51dis	-1.53
Netherlands	1.8365-1.8425	1.8370-1.8380	0.45-0.42cpm	2.84	1.35-1.32pm	2.90
Belgium	34.22-34.30	34.20-34.30	3.50-1.50cdis	-0.88	9-4dis	-0.76
Denmark	6.28¼-6.29¾	6.29-6.29½	0.60-1.10oredis	-1.62	2.00-2.50dis	-1.43
W. Germany	1.6358-1.6400	1.6365-1.6375	0.53-0.50pfpm	3.77	1.59-1.54pm	3.82
Portugal	134¼-135	134¼-134½	60-90cdis	-6.69	180-230dis	-6.09
Spain	111.30-111.60	111.25-111.35	50-65cdis	-6.33	135-165dis	-4.46
Italy	1203-1206	1205¼-1206¼	2.80-4.10lirdis	-3.44	9.50-12.50dis	-3.65
Norway	6.31-6.32¼	6.31¼-6.32¼	3.55-3.90oredis	-7.07	11.10-11.50dis	-7.15
France	5.52¼-5.53½	5.52¼-5.53¼	0.60-0.80cdis	-1.52	2.15-2.45dis	-1.66
Sweden	5.92¾-5.93¾	5.93¼-5.93¾	0.85-1.05oredis	-1.92	2.75-3.05dis	-1.95
Japan	126.35-126.95	126.65-126.75	0.36-0.33ypm	3.10	1.04-0.99pm	3.04
Austria	11.51-11.53¼	11.51½-11.52	2.60-2.30gropm	2.55	8.50-7.50pm	2.78
Switzerland	1.3320-1.3370	1.3350-1.3360	0.65-0.60cpm	5.62	1.69-1.64dis	4.99

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 34.30-34.40.

CURRENCY MOVEMENTS

Jan.14	Bank of England Index	Morgan Guaranty Changes %
Sterling	75.2	-18.5
U.S Dollar	93.3	-13.0
Canadian Dollar	77.6	-9.4
Austrian Schilling	142.2	+10.8
Belgian Franc	101.3	-4.3
Danish Krone	94.5	+3.1
Deutsche Mark	150.9	+23.6
Swiss Franc	181.5	+26.4
Guilder	139.4	+16.1
French Franc	72.8	-12.7
Lira	47.5	-18.7
Yen	240.7	+80.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100).

EURO-CURRENCY INTEREST RATES

Jan.14	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	7-6½	7⅞-7¾	8⅛-8	9-8⅞	9⅛-9¼	9⅜-9¼
US Dollar	6⅞-6¾	6⅞-6¾	7⅛-6⅞	7⅜-7¼	7½-7⅜	7⅞-7¾
Can. Dollar	9-8½	8⅝-8½	8⅞-8¾	8⅞-8¾	9-8⅞	9¼-9⅛
D. Guilder	4¼-4	4¼-4⅛	4¼-4⅛	4⅜-4¼	4⅜-4¼	4½-4⅜
Sw. Franc	1-½	1-¾	1⅜-1¼	2⅛-2	2⅜-2¼	3⅛-3
Deutschmark	3⅜-3¼	3⅜-3¼	3⅜-3¼	3½-3⅜	3½-3⅜	3⅝-3½
Fr. Franc	8-7⅞	8⅛-8	8⅜-8¼	[illegible]	[illegible]	[illegible]
Italian Lira	11¼-9¼	10¼-9¼	10¼-9⅞	[illegible]	[illegible]	[illegible]
B. Fr. (Fin)	6⅞-6⅜	6⅞-6⅝	6⅞-6⅝	[illegible]	[illegible]	[illegible]
B. Fr. (Con)	6½-6⅜	6⅞-6⅝	6⅞-6⅝	[illegible]	[illegible]	[illegible]
Yen	3⅞-3⅝	3⅞-3⅝	4-3⅞	[illegible]	[illegible]	[illegible]
D. Krone	8⅛-8⅜	9⅛-8⅞	9-8⅝	[illegible]	[illegible]	[illegible]
Asian $Sing	6⅞-6¾	7-6⅞	7⅛-6⅞	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 8⅛-8⅛ per cent; three years [illegible] per cent; five years 9⅛-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Jan.14	£	$
Argentina	9.9345-10.1040	5.4600-5.5580
Australia	2.5620-2.5650	1.4050-1.4085
Brazil	137.85-138.60	75.7520-76.1310
Finland	7.2650-7.2785	3.9935-3.9955
Greece	235.50-239.56	129.45-130.65
Hong Kong	14.1515-14.1615	7.7790-7.7820
Iran	121.45*	65.70*
Korea(Sth)	1430.20-1443.15	786.10-791.50
Kuwait	0.49690-0.49748	0.27315-0.27325
Luxembourg	62.25-62.35	34.20-34.30
Malaysia	4.6100-4.6220	2.5335-2.2355
Mexico	4039.30-4014.35	2220.00-2260.00
N. Zealand	2.7490-2.7540	1.5105-1.5130
Saudi Ar.	6.8240-6.8300	3.7505-3.7515
Singapore	3.6865-3.6940	2.0280-2.0300
S. Af (Cm)	3.5750-3.5910	1.9625-1.9685
S. Af (Fn)	5.5140-5.6860	3.0305-3.1250
Taiwan	51.95-52.25	28.55-28.65
U.A.E.	6.6820-6.6870	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

Jan.14	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.819	2.978	230.5	10.06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.550	1	1.637	126.7	5.531	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.336	0.611	1	77.40	3.378	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	4.338	7.892	12.92	1000.	43.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	0.994	1.808	2.960	229.1	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.412	0.749	1.226	94.86	4.140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	0.299	0.544	0.891	68.95	3.009	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.456	0.829	1.357	105.1	4.585	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.426	0.775	1.269	98.21	4.286	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.685	2.920	4.780	370.0	16.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Signs of retail interest

TODAY'S FIGURES on US trade in November continued to dominate all other factors in importance, as far as financial markets were concerned. Forecasts for the trade deficit varied so widely that traders were generally not prepared to do other than square positions and wait for the news.

Dealers said the market was trying to guess the trade figures from the attitude of central banks and recent official statements. Fears of another very large deficit, and possibly no improvement on October's record $17.63bn, set the tone.

March long term gilt futures rose on Liffe, as dealers detected a bear squeeze on the market, and also some revival of retail ioterest, involving building societies and other investing institutions.

It was suggested that disappointment over the result of this week's medium gilt auction drove prices down far enough to create interest in the market.

March long term gilt futures opened slightly higher at 115-24 on Liffe. This was the day's low, with the contract rising to a peak of 116-28. It closed only slightly lower at 116-27, compared with 115-15 on Wednesday.

The firmer tone in the market helped to shrug off a rise in UK average earnings, and worse than expected unemployment figuras. lo differeot circumstances there may have been more alarm at an annualised rise of 8¼ p.c. in average earnings in November, compared with 8 p.c. in October. UK unemployment fell 35,400 in December, which was also regarded as disappointing, compared with market forecasts of around 50,000.

US Treasury bills traded quietly in the US, awaiting the trade figures, but finished firmer on Liffe. March bonds opened at 87-21, and touched 88-03, before closing at 87-30, against 87-01 previously.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
116	2.08	3.19	1.18	2.35
118	1.10	2.23	2.20	3.39
120	0.37	1.41	3.47	4.57
122	0.16	1.07	5.26	6.23
124	0.07	0.46	7.17	7.62
126	0.03	0.28	9.13	9.44
128	0.01	0.17	11.11	11.37
130	0.00	0.10	13.10	13.26

Estimated volume total, Calls 3460 Puts 3385
Previous day's open int: Calls 33524 Puts 18012

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
82	6.19	6.11	0.23	1.13
84	4.36	4.52	0.40	1.54
86	2.63	3.41	1.03	2.43
88	1.46	2.44	1.49	3.46
90	0.61	1.59	3.01	4.61
92	0.32	1.21	4.36	6.23
94	0.16	0.57	6.20	7.59
96	0.07	-	8.11	-

Estimated volume (total), Calls 10 Puts 0
Previous day's open int: Calls 883 Puts 1189

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Jan	Calls-settlements Feb	Puts-settlements Jan	Puts-settlements Feb
16000	14.23	17.28	0.438	3.48
16500	9.96	13.92	1.16	5.11
17000	-	-	-	-
17500	3.71	8.50	4.91	9.70
18000	1.93	6.44	8.13	12.64
18500	0.90	4.79	12.10	15.99
19000	0.37	3.49	16.57	19.69
19500	0.14	2.50	21.34	23.70

Estimated volume total, Calls 3 Puts 25
Previous day's open int: Calls 175 Puts 130

STANDARD & POORS 500 INDEX

	Latest	High	Low	Prev.
Mar	246.12	246.55	245.63	246.25
Jun	246.00	247.20	245.80	247.75
Sep	-	248.70	247.30	249.30

MONEY MARKETS

Softer tone

INTEREST RATES had a slightly softer tone on the London money market yesterday, as dealers maintained a defensive attitude ahead of today's US trade figures. Three-month interbank eased to 9-8⅞ p.c. from 9⅙-8¹⁵⁄₁₆ p.c. Nervousness about the US trade figures overshadowed domestic news. There was little reaction to an increase in the annual rate of average earnings by 8¼ p.c. in November, from 8 p.c. in October, or to a disappointing fall of only 35,400 in December UK unemployment.

The Bank of England initially *forecast a money market shortage* of £400m, but revised this to £350m before lunch. Total help of £343m was provided. Before lunch the authorities bought £343m bills outright, by way of £12m bank bills in band 3 at 8½ p.c. and £331m bank bills in band 4 at 8⅜-8⅝ p.c.

UK clearing bank base lending rate 8½ per cent from December 4

The Bank of England di not operate in the market during the afternoon.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £308m, with the unwinding of repurchase agreements on bills absorbing £234m; a rise in the note circulatioo £10m; and bank balances below target £20m. These outweighed Exchequer transactions adding £160m to liquidity.

In Zurich the four major Swiss banks announced a cut in customer time deposit rates by up to ¾ p.c. Rates on three-month deposits were reduced to 1¾ p.c.; on four and five-month deposits to 2 p.c.; on six to 11-month deposits to 2½ p.c.; and on 12-month deposits to 2¾ p.c. Rates for three-month to eight-month deposits were previously 2½ p.c. and nine-month to 12-month 2¾ p.c.

In Frankfurt call money rose to 3.20 p.c. from 3.15 p.c., as credit conditions remained reasonably liquid after the Bundesbank's allocation at Wednesday's securities repurchase agreement tender. The central bank did not fully replace an expiring pact, and regular monthly tax payments are expected to drain money from the banking system next week, but recent foreign exchange intervention is keeping the market adequately supplied with funds.

In Amsterdam the Dutch *Central* Bank announced a rate of 4.2 p.c. on seven-day special advances, compared with 4.4 p.c. on expiring 10-day advances. The lower rate follows a cut of ¼ point in money rates last Friday, bringing the secured loans rate down to 4 p.c. The amount will be set at today's tender, and will replace expiring advances of Fl 1.6bn.

In Rome Italian banks decided to cut their prime lending rates by ½ p.c. to 12½ p.c.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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FT 30	FTSE 100	WALL STREET
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Prices taken at 5pm and change is from previous close at 9pm

$ WORLD VALUE OF THE DOLLAR
BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the latest available rate of exchange for the U.S. dollar against various currencies as of Wednesday, January 13,1988. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

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ECU=$US1.269 SDR1=$US1.39058
As of January 13, at 11.00 a.m.

	3 months	6 months
Eurodollar Libor:	7⅜	7½
Sibor:	7⅜	

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani	50.60
Albania	Lek	5.5131
Algeria	Dinar	4.96
Andorra	French Franc / Spanish Peseta	5.4945 / 110.71
Angola	Kwanza	29.918
Antigua	E. Carribean$	2.70
Argentina	Austral	3.83
Aruba	Florin	1.79
Greenland	Danish Krone	6.2455
Grenada	E. Caribbean $	2.70
Guadaloupe	Local Franc	5.4945
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00 / 2.60
Guinea	Franc / Franc (f)	440.00 / 300.00
Guinea-Bissau	Peso	650.00
Pakistan	Pakistan Rupee	17.4937
Panama	Balboa	1.00
Papua New Guinea	Kina	0.8961
Paraguay	Guarani	320.00 / 550.00 / 870.50

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 88 Vol	Feb. 88 Last	May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Stock
GOLD C	$ 480	66	13.50 B	50	28	-	-	$ 481.80
GOLD C	$ 520	43	2.90	11	12.30	-	-	$ 481.80
GOLD C	$ 540	105	1.40	-	-	-	-	$ 481.80
GOLD P	$ 530	-	-	-	-	15	29	$ 481.80
		Jan. 88		Feb. 88		Mch. 88		
EOE Index C	FL 160	54	10	6	15.10	-	-	FL 169.57
EOE Index C	FL 165	18	5	24	11.70	20	16.50 A	FL 169.57
EOE Index C	FL 170	94	1.20	429	9.70	4	12.50	FL 169.57
EOE Index C	FL 175	118	0.30 B	145	7.30	2	10.30	FL 169.57
EOE Index C	FL 180	43	0.10	275	4.80	7	7	FL 169.57
EOE Index C	FL 185	5	0.10	206	3.10	26	6	FL 169.57
EOE Index C	FL 200	200	0.10	-	-	-	-	FL 169.57
EOE Index P	FL 155	-	-	119	2.90	-	-	FL 169.57
EOE Index P	FL 160	70	0.10	35	4.80	-	-	FL 169.57
EOE Index P	FL 165	182	0.40	92	6.50 B	32	9	FL 169.57
EOE Index P	FL 170	72	1.50	71	9	6	11	FL 169.57
EOE Index P	FL 175	6	5.80	25	11	-	-	FL 169.57
EOE Index P	FL 180	17	10	25	14.50	57	16.50	FL 169.57
EOE Index P	FL 185	-	-	15	18.50 B	58	20	FL 169.57
EOE Index P	FL 190	64	20.50	-	-	-	-	FL 169.57
EOE Index P	FL 255	68	86.20	-	-	-	-	FL 169.57
S/FI C	FL 180	17	4.50	52	5.80	-	-	FL 184
S/FI C	FL 185	82	0.60	28	2.80	12	3.90	FL 184
S/FI C	FL 190	21	0.05	22	1.30	22	2.20	FL 184
S/FI P	FL 180	248	0.30	42	2.40	4	3.40	FL 184
S/FI P	FL 185	261	1.50	60	4.50	14	5.90	FL 184
S/FI P	FL 190	70	5.70	12	7.30	25	8.20	FL 184
		Jan. 88		Apr. 88		Jul. 88		
ABN C	FL 40	181	0.10	366	1.90	38	2.80	FL 37
ABN P	FL 35	274	0.20	208	1.80	-	-	FL 37
AEGON C	FL 65	-	-	22	1.90	-	-	FL 57.30
AEGON P	FL 60	16	3	18	5.50	-	-	FL 57.30
AHOLD C	FL 75	-	-	113	2.10	-	-	FL 64.60
AHOLD P	FL 65	64	2	100	6	-	-	FL 64.60
AKZO C	FL 90	837	1.50	53	8.50	9	10.30	FL 89.80
AKZO P	FL 90	485	1.70	93	7.60	4	12	FL 89.80
AMEV C	FL 45	-	-	100	1.10	-	-	FL 36.90
AMEV P	FL 40	14	2.90	24	4.50	-	-	FL 36.90
AMRO C	FL 60	366	0.10	2	2.60	-	-	FL 56.10
AMRO P	FL 60	38	3.80	6	5.50	-	-	FL 56.10
ELSEVIER C	FL 50	-	-	210	1.60	8	3.80	FL 41
ELSEVIER P	FL 40	100	0.80	66	4	43	7	FL 41
GIST-BROC. C	FL 25	24	0.10	14	1.90	-	-	FL 22.90
HEINEKEN C	FL 130	53	0.10	9	7.20	-	-	FL 119.50
HEINEKEN P	FL 120	37	1.50 A	6	8	4	11	FL 119.50
HOOGOVENS C	FL 30	-	-	73	1.80 A	-	-	FL 25.60
HOOGOVENS P	FL 25	80	0.40 A	109	2.50	-	-	FL 25.60
KLM C	FL 30	483	0.40	131	3.20	11	4.40	FL 29.30
KLM P	FL 30	141	1	74	3.60	5	4.50	FL 29.30
NEDLLOYD C	FL 150	260	4.70	45	19	53	23.50	FL 152
NEDLLOYD P	FL 150	84	2.40	17	14.60	-	-	FL 152
NAT.NED. C	FL 50	77	0.10	72	2.60	110	3.50	FL 46.70
NAT.NED. P	FL 50	49	3.20	107	5	107	6.50	FL 46.70
PHILIPS C	FL 30	-	-	658	0.70	68	1.30 A	FL 25
PHILIPS P	FL 27.50	244	2.40	260	4.40	8	4.80	FL 25
ROYAL DUTCH C	FL 250	-	-	42	1	300	2.30	FL 201
ROYAL DUTCH P	FL 190	459	0.30	72	5.80	8	10.50	FL 201
ROBECO P	FL 90	16	8.40	-	-	-	-	FL 81.80
UNILEVER C	FL 110	-	-	741	6	14	10	FL 104.70
UNILEVER P	FL 100	313	0.60	69	6.10 B	25	10 B	FL 104.70

TOTAL VOLUME IN CONTRACTS: 20,313

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	8½	● Charterhouse Bank	8½	Nat. Bk. of Kuwait	8½
Adam & Company	8½	Citibank NA	8½	NatWestminster	8½
AAB - Allied Arab Bk	8½	City Merchants Bank	8½	Northern Bank Ltd	8½
Allied Dunbar & Co	8½	Clydesdale Bank	8½	Norwich Gen. Trust	8½
Allied Irish Bank	8½	Comm.Bk.N.East	8½	PK Finans. Intl(UK)	9
American Exp.Bk	8½	Consolidated Cred	8½	Provincial Trust Ltd	9½
Amro Bank	8½	Co-operative Bank	*8½	R. Raphael & Sons	8½
Henry Ansbacher	8½	Cyprus Popular Bk	8½	Roxburghe G'rantee	9½
ANZ Banking Group	8½	Duncan Lawrie	8½	Royal Bk of Scotland	8½
Associates Cap Corp	10	Exp't'l TstC'p plc	8½	Royal Trust Bank	8½
Authority Bank	8½	Exeter Trust Ltd	9	Smith & Williams Secs.	8½
B & C Merchant Bank	8½	Financial & Gen. Sec.	9	Standard Chartered	8½
Banco de Bilbao	8½	First Nat. Sec. Ltd	9½	TSB	8½
Bank Hapoalim	8½	● Robert Fleming & Co.	8½	UDT Mortgage Exp	¶10.2
Bank Leumi (UK)	8½	Robert Fraser & Ptnrs.	9½	United Bk of Kuwait	8½
Bank Credit & Comm	8½	Girobank	8½	United Mizrahi Bank	8½
Bank of Cyprus	8½	Grindlays Bank	8½	Unity Trust Bank Plc	8½
Bank of Ireland	8½	● Guinness Mahon	8½	Western Trust	8½
Bank of India	8½	HFC Trust & Savings	8½	Westpac Bank Corp.	8½
Bank of Scotland	8½	● Hambros Bank	8½	Whiteaway Laidlaw	9
Banque Belge Ltd	8½	Heritable & Gen Inv Bk	8½	Yorkshire Bank	8½
Barclays Bank	8½	● Hill Samuel	§8½		
Beachmark Tst Ltd	8½	C. Hoare & Co.	8½		
Berliner Bank AG	8½	Hongkong & Shangh	8½		
Brit Bk of Mid East	8½	Lloyds Bank	8½		
● Brown Shipley	8½	Meghraj Bank Ltd	8½		
Business Mtge Tst	8½	Midland Bank	8½		
CL Bank Nederland	8½	● Morgan Grenfell	8½		
Central Capital	8½	Mount Bnkg Corp.	8½		

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Sazewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 3.49%. Mortgage 10% - 10.25%

WEEKEND FT CLASSIFIED ADVERTISEMENT RATES

		Per line (min. 3 lines) £	single col cm (min. 3 cms) £
Residential Property (mono)		6.00	26.00
(Full Colour)		-	40.00
(Spot Colour Per Colour)	£70.00		
Motors, Hotel & Travel, Personal, Mail Order		10.00	32.00
Diversions		-	32.00
Weekend Business		13.00	44.00
Arts, Collecting		10.00	32.00
Art Galleries		1.50	-
Books Page		-	24.00
Books Panel		-	32.00

All prices exclude VAT
For further details write to:
Classified Advertisement Manager
FINANCIAL TIMES, 10 CANNON STREET, LONDON EC4P 4BY

FT CROSSWORD No.6,530
SET BY CINEPHILE

ACROSS
1 Clairvoyant eating mythical bird: it displays savagery (8)
5 A river horse at the farthest point (6)
10 Headman - in Cook Island (5)
11 Job-hunter gets much fruit: compiler is unable to (9)
12 Low papers indeed! (9)
13 Bird accompanying an ancient god (5)
14 Non-drinker in time of growth at its lowest (6)
15 Pearls produced before point at end of rally (7)
18 A French story, pleasant in converse (7)
20 Remove cover from hide with due movement (6)
22 Flying creature and man go to water (5)
24 Half male animal is Assyrian queen (9)
25 With kettle stand, almost lose sight of evil spirit (9)
26 Nick is not going to church (5)
27 Country with king having English wig (6)
28 Message "little fat allowed" is sent back (8)

DOWN
1 Bill comes in to lose colour in front (6)
2 Painter in...in favour of...of Mac (9)
3 Place in cafe to reserve, kept mainly for the views? (6-5,4)
4 Model takes money for kidnappers put in window (7)
6 Purpose: blancmange with new centre: that's close! (5,5,5)
7 Hard work for horticulturalist? (5)
8 Long as the family ladder etc.? (8)
9 Spinner - with instincts for somewhere to drink (6)
16 It measures walk by boy round top of cathedral (9)
17 Pre-christian house put in light dish (4,4)
19 By too many lengths to count, like one in cathedral? (6)
20 Tutor of Scots, a little one, among deer (7)
21 Tutor of Elizabeth has champagne, not all of it (6)
23 Flap or drum (5)

Solution to Puzzle No.6,529

SACKBUTS ARABLE
ORIGINAL SPENDS
GABERDINE DERMA
GANG TRAMPLE
OARSMAN CREW
PRESS CONCEITED
SPIRIT CONSPIRE
REGENT STAMPEDE

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 6992/465

Scimitar Global Gth Ac	25.8	27.4	—	—
Do. Income	25.7	27.4	—	0.39
Scimitar European Acc	21.1	22.5	—	—
Do. Income	21.1	22.5xd	—	0.11
Scimitar UK Eq Inc Acc	34.9	36.8	—	—
Do. Income	33.4	35.2	—	5.32
UK Cap Gth Acc	21.9	23.1	—	0.75
Scimitar Pac Basin Acc	25.0	26.6	—	—
Scimitar Mangd Exempt*	136.5	142.2xd	—	—

*Unauthorised

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-556 9101

Intal Income Units	124.1	132.0	—	3.51
Intal Accum Units	189.9	202.0	—	3.51
UK General Acc	36.5	37.5	+0.4	3.11
UK General Inc	35.1	37.5	+0.4	3.11
American	25.9	27.1	+0.1	0.84
European	32.8	35.2xd	+0.3	0.94
Japan	50.9	54.4	+0.6	—
Technology	33.2	35.5	—	1.42
Performance Trusts				
Far East Perf Tst	16.0	17.2	+0.3	0.64
High Inc Perf Tst Inc	23.2	24.8	+0.2	5.37
High Inc Perf Tst Acc	23.7	25.3	+0.2	5.37
Worldwide Tact Perf Tst	26.2	28.0	—	—

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK Equity)	201.1	215.1	+2.1	2.85
Columbus (America)	119.1	127.4	+1.4	1.49
Marco Polo (Pacific)	190.9	204.2	+2.1	0.39
Da Vinci (European)	202.5	216.4	-3.3	1.01
Drake	48.7	52.1	+0.1	2.46

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	193.2	205.6	—	2.92
UK Smllr. Cos. Equity	199.5	212.1	—	2.36
UK Special Situations	56.6	60.5	—	3.18
Income Plus	49.9	53.1	—	6.02
European	150.6	160.3	—	1.07
Far Eastern	47.2	50.3	—	2.42
Japanese †	47.5	50.6	—	0.16
North American	105.4	112.2	—	1.44
International Growth	101.3	107.8	—	2.15
Worldwide Venture	50.2	53.5	—	2.44

Scottish Provident Inv. Mgt. Ltd
6 St Andrew Sq, Edinburgh 2 031-558 2941/8/3

Equity Growth Tst	16.75	17.45	—	3.02

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-606-4355

TUUT Jan 04 88	200.1	211.9	—	3.27

Triton Fd Mngs. Ltd.
Royal Lds. Ups. Colchester CO1 1RA 0206 764900

Triton General	134.1	144.2	—	1.70

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N 248 3399

Convertible & General	57.1	60.5xd	+0.1	6.75
Accum Units	58.1	61.5	+0.16	—
Income	78.0	82.7	+0.61	5.10
Accum Units	78.0	82.7	+0.61	—
Smaller Co's	86.5	92.7	+0.22	1.46
Accum Units	86.5	92.7	+0.22	—
UK Growth	85.5	90.7	10	1.40
Accum Units	85.5	90.7	10	—

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40033

British Growth Fd	54.0	58.5	+0.5	2.97
Technical Analysis Fd	49.2	52.4	+0.8	3.32

Unit Trust Account & Mgmt. Ltd
30 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisor: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	166.7	177.3xd	—	1.71
Friars Hse Inc Fd	149.4	159.0xd	—	3.42

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7. 01-534 5544

United Charities	162.4	170.8	+1.8	4.41

Vanguard Trust Managers Ltd
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Lines 01-236 2468

Abingdon Falls Assts	167.3	178.0	—	2.34
(Accum Units)	170.5	181.4	—	—
Far East & Gen	50.0	53.2	+0.3	0.21
(Accum Units)	50.0	53.2	+0.6	—
Master Portfolio	63.905	64.925	-0.729	3.34
(Accum Units)	65.059	66.727	-0.737	—
American & Gen	51.1	54.4	-0.1	2.08
(Accum Units)	51.8	55.1	+0.1	—
Growth	204.9	218.0	-0.8	2.40
(Accum Units)	307.4	327.8	-1.2	—
High Yield	261.1	277.8	-2.3	4.64
(Accum Units)	272.7	290.5	-2.4	—
Special Sits	50.5	53.7xd	-0.3	2.16
(Accum Units)	52.2	55.5	-0.3	—
Trustee	153.6	163.3xd	-1.6	4.61
(Accum Units)	247.1	262.9	-2.5	—
European Fund Inc	33.7	35.9	-0.5	1.31
(Accum Units)	33.8	36.0	-0.5	—

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Providence Capitol Life Ass. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Ass. Assn.

Provincial Life Assurance Co Ltd

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assurance Ltd—Contd.

Royal Life Insurance Ltd

Royal Liver Assurance (Life & Pensions)

Save & Prosper Group

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Skandia Life Assurance Co Ltd

Skandia Life Assurance Co Ltd—Contd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co. Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

UK Provident

Wesleyan & General Assurance Soc

Windsor Life Assur Co Ltd

Yorkshire & Lancashire Investment Mgt.

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS – Contd

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
91¾	79¾	Treas. 7¾pc 2012–15‡‡	83½xd	+⅞	9.27	9.43
134⅝	116⅜	Exch. 12pc '13–'17	122½	+1⅛	9.77	9.59

Undated

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
45⅝	39⅞	Consols 4pc	42½xd	+½	9.54	–
41¼	34¼	War Loan 3½pc‡‡	37⅜	+¼	9.37	–
52½	46¼	Conv. 3½pc '61 Aft.	49⅛	+⅛	7.17	–
34⅛	29⅞	Treas. 3pc '66 Aft.	31⅛	+¼	9.74	–
29⅞	24⅜	Consols 2½pc	26⅜	+¼	9.67	–
29½	24⅜	Treas. 2½pc	26⅜	+¼	9.58	–

Index–Linked

1987/88 High	Low	Stock	Price £	+ or –	(1)	(2)
	125½	Treas. 2pc '88(297.1)	135⅞	+⅛		–
	108⅝	Do. 2pc '90(333.9)	117⅞xd	+⅜		2.55
	93½	Do. 2pc '92‡‡ (385.8)	99¼	+⅜		2.96
	119½	Do. 2pc '96(267.9)	127⅞	+⅜		3.98
	96⅝	Do 2½pc '01 (308.8)	105½	+1⅛		4.27
	94¼	Do. 2½pc '03(310.7)	103½	+1½		4.25
	94⅝	Do. 2pc '06(274.1)	104⅛xd	+1⅞		4.22
	89⅛	Do. 2½pc '09(310.7)	97⅛	+1⅝		4.21
	93¼	Do. 2½pc '11(294.1)	101⅛	+1⅞		4.18
	76⅜	Do. 2½pc '13(351.9)	83⅝xd	+1⅞		4.15
	83⅝	Do. 2½pc '16(322.0)	90⅝xd	+1⅞		4.09
	81½	Do. 2½pc '20 (327.3)	88½	+1⅞		4.00
	68⅛	Do. 2½pc '24 ‡‡(385.3)	74⅝xd	+		3.93

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for April 1987:101.8 and for November1987: 103.4 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987/88 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	45	.....	3.50	17.42
52	40	Do. 6pc 28 Stb. Ass.	45	.....	3	16.37
50	45	Do 4pc Mixed Ass.	45	.....	2	14.44
66	58	Hung. '24 Ass.	63	.....	2.75	14.22
146½	122¾	Hydro Quebec 15pc 2011	130⅞	+⅞	15.00	11.22
136¼	115½	Iceland 14½pc Ln 2016	120⅝	+2½	14.50	11.93
103½	94	Ireland 9¾pc '91–'96	97	+½	9.75	10.50

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS – Contd

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
39	21	Rep NY Corpn $5	23¾	+¼	$1.16	–	2.7
[illegible]	8¾	Rockwell Intl. $1	9⅞	+⅛	66c	–	3.8
[illegible]	16¼	Sara Lee $1(1/3)	19⅝xd	+⅜	$1.00	–	2.6
[illegible]	8¾	Saul (B. F.) $1	8⅞xd	+⅛	20c	–	1.2
[illegible]	21¼	Southwestern Bell $1	19¼	+½	$2.32	–	6.6
[illegible]	994p	Staley Continental	12	+⅜	80c	–	3.7
[illegible]	21⅝	Sun Co. Inc. $1	27⅞	+⅛	$3.00	–	5.9
[illegible]	22⅜	TRW Inc. $0.625	25⅝xd	–⅛	$1.60	–	5.4
[illegible]	21	Tenneco $5	23xd	–⅛	$3.04	–	7.2
220	149½	Do. 10pcLn.Stk. 91-5	155xd		10%	–	14.7
[illegible]	15⅝	Texaco $6.25	21¼xd	+⅞	[illegible]	–	7.4
[illegible]	36⅝	Time Inc. $1	44⅝xd	+½	[illegible]	–	1.2
[illegible]	15	Transamerica $1	17xd	+⅜	[illegible]	–	5.9
[illegible]	1¼	Transworld Corp $5	824p	–3	[illegible]	–	1.3
[illegible]	12¼	TRINOVA Corp	15⅜	–¼	[illegible]	–	1.9
[illegible]	12⅝	USX $1	16⅜		[illegible]	–	3.9
[illegible]	16⅛	Utd. Technologies	19xd	+⅞	[illegible]	–	4.0
[illegible]	25⅝	US West	27⅜	+¼	[illegible]	–	6.5
[illegible]	17⅝	Waste Management $1	19⅞		–	–	–
31⅜	11⅝	Whirlpool $1.0	13⅝	+¼	–	–	–
[illegible]	16⅜	Woolworth $3½	19⅛		$1.[illegible]	–	5.7

CANADIANS

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	227p	ABM Gold Corp	282p	–3	–	–	–
[illegible]	10p	Abbot Energy Corp	17p		–	–	–
[illegible]	506p	Amer. Barrick Res.	11⅝	+⅛	–	–	–
[illegible]	4p	American Lightwave	5½p		–	–	–
[illegible]	33p	Armeno	42p		–	–	–
[illegible]	39½p	Augmitto Expln	64p	+2	–	–	–
[illegible]	10⅝	Bk. Montreal	11⅜xd	+⅛	$2.00	–	7.3
[illegible]	488p	Bk. Nova Scot.	540p	+4	72c	–	5.5
[illegible]	15	BCE	19⅝		$2.40	–	6.4
[illegible]	511p	Bow Valley	627p	+4	40c	–	2.7
20	10⅛	Brascan	11		88c	–	3.3
[illegible]	186p	Breakwater Res.	191p	+1	10c	–	2.2
11⅞	734p	Can.Imp.Bk. $2	824p	–3	$1.08	–	5.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES — Contd

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES — Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND — Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES — Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 30 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● Tap Stock
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ‖ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §☆ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	60	
Craig & Rose £1	625	+37
Finlay Pkg. 5p	78	
Holt (Jos) 25p	£11½	
IoM Stm. £1	250	

Fin. 13% 97/02	£113⅛	
Arnotts	268	−42
CPI Hldgs	70	
Carroll Inds	120xd	−22
Hall (R. & H.)	107	
Helton Hldgs	38	−6
Irish Ropes	105	−10
Unidare	238	−12

IRISH

Fund 11¾% 1988	£100⅛	
Nat. 9¾% 84/89	£100	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	42
Amstrad	28
BAT	57
BOC Grp	46
BSR	13
BTR	85
Barclays	52
Beecham	52
Blue Circle	44
Boots	28
Bowaters	41
Brit Aerospace	42
Brit. Telecom	28
Burton Ord	32
Cadburys	38
Charter Cons	41
Comm Union	43
Courtaulds	42
FKI Babcock	14
FNFC	31
Gen Accident	185
GEC	22
Glaxo	155
Grand Met	58
GUS 'A'	150
Guardian	128
GKN	36
Hanson	19
Hawker Sidd	55
ICI	145
Jaguar	42
Ladbroke	40
Legal & Gen	33
Lex Service	35
Lloyds Bank	30
Lucas Inds	62
Marks & Spencer	28
Midland Bk	47
Morgan Grenfell	37
NEI	13
Nat West Bk	67
P & O Dfd	85
Plessey	28
Polly Peck	36
Racal Elect	30
RHM	45
Rank Org Ord	65
Reed Intnl	58
STC	29
Sears	13
TI	35
TSB	16
Tesco	22
Thorn EMI	64
Trust Houses	28
T&N	22
Unilever	62
Vickers	22
Wellcome	47
Property	
Brit Land	32
Land Securities	55
MEPC	54
Peachey	47
Oils	
Brit Petroleum	85
Britoil	28
Burmah Oil	52
Charterhall	7
Premier	10
Shell	138
Tricentrol	15
Ultramar	24
Mines	
Cons Gold	125
Lonrho	29
RTZ	48

A selection of Options traded is given on the London Stock Exchange Report Page

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Dec 21	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 4	Feb 5	Feb 15

*New time dealings may take place from 9.00 am two business days earlier.

Government bonds rebound and equities improve as City awaits US trade figures

THE UK SECURITIES markets displayed cautious optimism yesterday as the City steeled itself for the US trade figures for November, due in London at 1.30pm GMT today. Government bonds and equities moved higher, with investors brushing off any inflationary implications of the rise in UK average earnings announced at mid-session.

Speculative fever remained high in oil shares as British Petroleum published its formal offer worth £2bn plus for Britoil. The share exchange terms were slightly disappointing, and market traders are convinced that, "the game isn't over yet". Britoil's defence document is expected in short order, and the City awaits the next move from Atlantic Richfield, which has added to its Britoil stake this week.

Equities opened firmly, encouraged once again by Wall Street's ability to rally from a weak stert, and also by a firmer trend in the dollar. The Footsie Index was soon up by 19 points, although turnover was unremarkable. The market came off the top when Wall Street opened uncertainly but remained steady at the end of the session.

The FT-SE 100 Index closed a net 10 points up at 1743.4 but equity trading volume of 352.2m, at 5.00pm, was at the low end of recent ranges.

While market analysts agree that the US trade figures are virtually unpredictable, the prospect of today's announcement, "provided an excuse for doing nothing". Traders commented that analysts in Europe appeared the most optimistic of the forecasting fraternity, with US analysts taking a more gloomy view – some predicting a deficit of $20bn on US trade in November, which would be taken badly in London and other global centres.

The disclosure of a rise of 8.25 per cent in earnings in Britain for the year to November – above City forecasts – underlined the warnings on domestic inflationary pressures delivered recently by the UK Chancellor of the Exchequer and the Governor of the Bank of England. But, except for a momentary pause in an advancing Gilts market, the earnings news had little effect. Nor was there much response to the dip to 9.4 per cent in the UK unemployment total.

The recovery in the Gilt-edged sector, bringing gains of a full point and more, caught some marketmakers by surprise. The reappearance of 10 per cent yields on both the medium and long-dated bonds brought in some retail interest, and prices responded readily despite the weight of stock taken by the marketmakers at Wednesday's unsatisfactory auction of £1bn Treasury 8¾ per cent 1997 stock.

Short-dated Gilts added 1/16 to 3/16, following the trend of the London money markets in paying no heed to the UK earnings figures.

Gains among the medium dates ranged to a full point, with the newly-auctioned (Treasury 8 ¾ per cent '97) closing at 43 11/32 in its partly-paid form, compared with 42 12/32 on Wednesday night.

At the longer end, the best gains reached to 1½ points. The Treasury 13½ per cent '04-'08, the most keenly watched, ended 1 9/32 higher at 129 21/32.

Demand spilled over into the Index-linked sector, but this was not an indication of inflationary concerns, according to market specialists. Index-linked stocks, which jumped by 1½ points yesterday, have been moving in tandem with conventional Gilts in recent weeks.

Britoil came under pressure as the long-awaited terms of the bid from BP accompanied by the official offer document were issued in mid-morning.

The terms – one BP and 190p in cash for every Britoil share with a 450p cash alternative – were seen as disappointing by speculators who had paid up to 463p a share for Britoil the previous day and selling pressure lowered Britoil to 451p at one point. However, a rally quickly ensued amid market stories that Atlantic Richfield(ARCO) may well come back with a counter–bid of around 475p to 480p a share, a move which, oil sector followers said could trigger an increased offer of perhaps 500p a share from BP. ARCO's stake in Britoil was announced yesterday as being 23.73 per cent – any purchases of Britoil yesterday by Arco were on a minor scale.

BP "old" dipped 2 to 252p on a turnover of 4,2m shares, reflecting switching into the "new" shares which closed unchanged on balance at 72½p on a similar turnover. Elsewhere in oils speculation increased in Ultramar which settled 9 higher at 214p. Goal Petroleum edged up 3 to 87p.

Dee Corporation, currently contesting a £2bn cash-and-shares bid from Barker and Dobson, the much smaller sweets and supermarkets group, spurted to 210p before closing a net 9 up at 205p amid rumours, later categorically denied, that ASDA-MFI may be contemplating a counter-bid. Mr David Gransby, an ASDA director, denied any interest at ASDA in entering the bid battle, but did not rule out interest in some of Dee's superstores should they come on the market.

Dee traded in lively fashion throughout with some some 13m shares changing hands. Marketmakers commented that interest had come from varying sources, but described the buying as highly speculative. Barker and Dobson firmed 4 to 144p, while Associated British Foods, which holds a 15 per cent stake in Dee, rose 7 to 311p. Dealers feel that the speculative buying of Dee may eventually herald an increased offer from B & D, but doubt that AB Foods, which has sold its food retailing interests, will join the fray. Meanwhile, Barker and Dobson has instructed its solicitors to issue a writ against Dee alleging libel in a Press announcment on January 13. The clearing banks made progress despite continuing worries about third world debt provisions. Recent sell recommendations from UBS Phillips and Drew and Kitcat left Midland 3 off at 380p, but there was strong support for Lloyds which added 5 added 248p. Barclays, where Wood Mackenzie added the stock to their buy list, were a similar amount to the good at 479p.

TSB bardened a couple of pence ahead of the preliminary results expected today; Morgan Grenfell are predicting pre-tax profits of £300m as are SBCI Savory Milln while Kleinwort Grieveson, in their Money Talks weekly, are going for £285m in the 49 week trading period.

Investment activity fell to exceptionally low levels in the Brewery sector and few movements of note were recorded. A continuation of the Guinness buy-in programme - another 1m shares were purchased yesterday - was probably the day's most interesting development and the price hardened a couple of pence further to 302p. Scottish & Newcastle responded to light support following a lunch with securities house Wood Mackenzie on Wednesday, and gained 4 to 210p. But Burtonwood surrendered part of Wednesday's sharp rise as takeover speculation cooled and the close was 5 down at 144p. Continued uncertainty over the Martell distribution concession weighed on Matthew Clark which lost 10 more to a 1987/88 low of 342p. Grand Metropolitan and Seagram of Canada received French clearance to launch their bids for Martell on the open market yesterday.

Conflicting analysts' views on the company's trading prospects sparked a lively trade in Marley, the building materials supplier. But in-house buying orders from one major securities firm, endorsing its positive view of the group, had an impact and the shares rose 8 to 137p. AMEC attracted good support amid talk of a broker's recommendation and firmed 6 to 334p. Blne Circle, 2.7m shares traded, hardened a few pence to 420p with Smith New Court, the marketmaking firm, reportedly keen buyers. Among the scattered movements among second-line issues, Bellway attracted renewed buying interest and rose 7 to 210p, while Crest Nicholson revived with a gain of 9 to 197p.

A steadier US dollar failed to draw any worthwhile buying interest to ICI which closed a fraction cheaper at £11⅛. Amersham International rose 10 to 461p on bid hopes as speculators continued to focus on the possibility of a change in the status of the Golden Share in the company held by the UK Government.

Activity in the leading stores was on a mnch smaller scale than of late. Sears, currently bidding for Freemans, were a firm market first thing and eventually closed up 3 at 132p following a substantial traded options business. Woolworths managed a minor improvement at 257p, after 259p, and were only slightly disturbed by comment on the results announced on Wednesday by fellow electrical goods retailer Dixons; the latter were a fraction easier at 185p after the wholesale profits downgradings by leading securities houses. Burton Group, npset earlier in the week by the DTI investigation, put on 4 to 224p.

Elsewhere, Courts Furnishers "A" jumped 11 to 170p in the wake of the 47 per cent increase in interim profits from £2.5m to £3.7m – well in excess of market estimates. A.Goldberg attracted persistent demand and edged up 3 to 171p while the improved half-year earnings helped Stead and Simpson "A" put on 2 to 109p.

Turnover in the electronics and electrical issues was painfully thin, according to traders, although a handful of features emerged later in the session. STC were supported and rose 1½ to 236p after a turnover of getting on for 3m shares on news that Northern Telecom is being allowed until October 1990 to reduce its 27 per cent stake in the company to around 24 per cent; the shares were additionally boosted by a positive recommendation from securities house Citicorp Scrimgeour Vickers whose analyst James Dodd advised clients to "concentrate on stocks with genuine earnings prospects. Racal, 1½ off at 235p on a turnover of 3m, were also included in the Citicorp list of recommendations and were also described as a "core holding in the sector" by Wood Mackenzie.

Second-liners to attract Citicorp's eye included Electrocomponents, United Scientific and Logica – the latter jumped 8 to 277p also helped by the excellent profits performance by CAP Group which rose 9 to 212p after the sharply increased interim profits.

S. & W. Berisford drew revived speculative buying and moved up 15 to 319p. Unigate moved forward as vague bid rumours revived and the close was 15 np at 302p.

Wellcome, the pharmaceutical group which manufactures the anti/Aids drug Retrovir rose 11 to 385p on a turnover of 2m shares following reports from the US of an increasing incidence of Aids among babies in New York. London International, the condom maker, also met with a fair measure of support and closed 9 to the good at 287p.

Boots began to look uneasy in the late afternoon, slipping back from 250p to close only a few pence better on the day at 247p as the series of presentations of the company continued. The latest, being with Citicorp Scrimgeour Vickers yesterday, prompted nervousness in view of the marked disappointing interim performance from Dixons.

International stocks made a reasonably bright showing, but trading conditions were described as "slow". Glaxo firmed 17 to 995p, while BOC, up 5 at 396p, drew encouragement from the bullish tenor of the chairman's statement at the annual meeting. Elsewhere, Pearson reacted 33 to 735p in the wake of Mr Rupert Murdoch's statement that he had no intention of using his increased stake (near 20 per cent) to make a takeover offer for the company. Marketmakers, however reported buying interest at the lower levlels and around 1.5m shares changed hands. Rank Organisation, scheduled to reveal preliminary figures shortly, revived with a gain of 13 at 584p, while Ipeco Holdings rose 5 to 55p on the contract to supply McDonnell Douglas with flight deck crew seats for the new MD11 aircraft. C.H. Beazer, a current Phillips and Drew bny recommendation rose 7 to 182p, but the chairman's warning regarding the lack of defence business in America unsettled Bridport Gundry which fell 17 to 186p.

A good press on the acquisition of Lear Siegler Power Equipment of the US aroused keen demand for Lucas Industries. Two security houses were particnlarly aggressive buyers and the business resulted in a squeeze on marketmakers' book commitments. Covering of these positions provided additional impetus which swept the price higher and the close was 19 up at 583p. BZW analysts visited the company on Wednesday and came away impressed. Airflow Streamlines were another Motor component share to make headway, gaining 20 to 148p in a restricted market. After the previous day's brief lull, investors returned for Lex Service and the shares resumed their advance to setle 12 higher at 318p, while Perry Group rose 7 to 205p.

A profits downgrading by Warburg Securities upset Bunzl and the shares slipped 7 to 161p. Mike Murphy, packaging analyst at the securities house, has revised his forecast for 1987 by £8m to £87m because of the currency (US dollar) impact. This year's estimate has been lowered from £110m to £99m. Advertising Agencies met with mixed fortunes. Davidson Pearce responded to the profits forecast which accompanied details of a major acquisition, rieing 7 to 108p.

Fresh demand in a restricted market boosted London and Edinburgh 7 to 122p, while news that the company will participate in City development schemes in Chelmsford and Glasgow lifted Citygrove 12 to 187p.

Tootal performed strongly as takeover specnlation resurfaced. There was also talk that a broking house was about to recommend the stock and the shares gained 5 to 115p. Textured Jersey, 7 higher at 197p, were the only other Textile to show an appreciable movement on the session.

Rising palm oil prices together with a recommendation from brokers Kitcat & Aitken, a division of Orion Royal Bank, inspired support of Harrisons & Crosfield which rose 15 to 579p. Polly Peck also featured Overseas Traders, responding to the chairman's optimistic view of future prospects growth with a rise of 5 to 313p.

Rolls-Royce attracted good traded option business with calls contracts totalling 2,471 and puts 2,059. BP registered 1,928 calls and 701 puts, while Britoil, following details of the terms of the BP bid for the group, scored 1,734 calls and 455 puts. The FTSE contract attracted 1,248 calls and 1,414 puts. Total contracts yesterday came ont at 29,320 made np of 19,090 calls and 10,230 puts.

Traditional Options

- First dealings Jan 4
- Last dealings Jan 15
- Last declarations Apr 7
- For Settlement Apr 18

For rate indications see end of London Share Service

A relatively brisk interest developed in the Traditional option market yesterday. Stocks to attract money for the call included British Petroleum new, Oxford Instruments, Brown and Jackson, PML, Charterhall, Thurgar Bardex, Eagle Trust, Pilkington, Benjamin Priest, Pavion, Bryant Holdings, GRA, Britoil, BOM Holdings, Blacks Leisure, Dixons and J. Crowther. No pnt or double options were reported.

FINANCIAL TIMES STOCK INDICES

	Jan. 14	Jan. 15	Jan. 12	Jan. 11	Jan. 8	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	87.56	86.97	87.54	87.60	87.38	84.88	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.44	94.46	94.62	94.52	94.14	91.35	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1398.7	1391.1	1396.9	1417.4	1424.5	1406.9	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	284.1	286.1	290.8	296.5	308.6	338.7	497.5 (4/8/87)	261.6 (6/11/87)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.45	4.48	4.46	4.40	4.37	4.06				
Earnings Yld. %(full)	11.14	11.21	11.14	11.01	10.92	9.59				
P/E Ratio (net)(*)	11.00	10.93	11.00	11.13	11.23	12.80				
SEAQ Bargains (5pm)	20,191	20,826	23,743	27,733	30,088	36,510				
Equity Turnover (£m)	-	-	-	994.15	1241.28	1334.32				
Equity Bargains	-	-	-	31,429	32,299	45,705				
Shares Traded (mil)	-	-	-	408.8	496.1	489.5				

S.E ACTIVITY

Indices	Jan. 13	Jan. 12
Gilt Edged Bargains	-	-
Equity Bargains	-	-
Equity Value	-	-
5-Day average		
Gilt Edged Bargains	-	-
Equity Bargains	-	-
Equity Value	-	-

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1398.8	1405.3	1404.9	1400.1	1400.0	1401.3	1400.4	1398.8

Day's High 1407.1 Day's low 1398.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.88.
Stock Exchange turnover figures unavailable

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (2).
BRITISH FUNDS (1) Treas. 2pc. IL 1988, BREWERS (1) Macallan-Glenlivet.
NEW LOWS (18).
BANKS (1) Commerzbank, BREWERS (1) Clark (Matthew), CHEMICALS (3) BASF AG, Bayer AG, Doeflex, ELECTRICALS (1) Thermal Scientific, INDUSTRIALS (2) Coated Electrodes, Cooper (Alan), SHIPPING (1) P & O 5½pc. Red. Non-Cum. Pref., TRUSTS (1) Framlington, MINES (8) Loraine, Delta Gold, Enterprise Gold, Esmeralda Res., Normandy Res., Southern Goldfields, Southern Res., Anglo-Dominion.

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday January 14 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 27%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Wed Jan 13 Index No.	Tue Jan 12 Index No.	Mon Jan 11 Index No.	Year ago (approx) Index No.
1–67	[illegible]									
68 Merchant Banks (11)	350.99	+0.1	–	4.86	–	0.00	350.57	354.15	350.96	386.73
69 Property (52)	981.50	+0.5	5.33	3.09	23.93	0.10	976.36	992.62	994.82	829.87
70 Other Financial (30)	395.46	+0.3	9.26	4.20	13.64	0.64	394.41	396.16	394.11	398.75
71 Investment Trusts (86)	818.60	+0.6	–	3.11	–	0.32	813.61	820.10	828.41	989.14
81 Mining Finance (2)	455.41	+2.2	9.98	3.75	11.28	0.00	445.56	442.34	450.05	369.83
91 Overseas Traders (8)	993.34	+1.1	9.68	5.10	12.21	0.00	980.78	972.33	969.99	834.25
99 ALL-SHARE INDEX (720)	890.22	+0.6	–	4.22	–	0.15	884.71	888.52	895.83	890.42

	Index No.	Day's Change	Day's High	Day's Low	Jan 15	Jan 12	Jan 11	Jan 8	Jan 7	Year ago
FT-SE 100 SHARE INDEX ♦	1743.4	+10.0	1752.4	1741.1	1733.4	1739.2	1760.2	1773.4	1707.2	1789.0

FIXED INTEREST

PRICE INDICES	Thu Jan 14	Day's change %	Wed Jan 13	xd adj. today	xd adj. 1988 to date
British Government					
1 5 years	122.69	+0.23	122.41	–	0.23
2 5-15 years	136.95	+0.88	135.76	–	0.08
3 Over 15 years	144.85	+1.18	143.17	–	0.00
4 Irredeemables	159.47	+0.83	158.16	–	0.00
5 All stocks	134.50	+0.73	133.53	–	0.12
Index-Linked					
6 5 years	123.76	+0.17	123.55	–	0.00
7 Over 5 years	112.36	+1.54	110.66	–	0.15
8 All stocks	113.13	+1.41	111.55	–	0.14
9 Debentures & Loans	115.77	+0.39	115.65	0.32	0.61
10 Preference	86.48	–0.21	86.66	–	0.17

AVERAGE GROSS REDEMPTION YIELDS		Thu Jan 14	Wed Jan 13	Year ago (approx.)
British Government				
1 Low	5 years	9.04	9.14	9.57
2 Coupons	15 years	9.67	9.83	9.88
3	25 years	9.46	9.57	9.88
4 Medium	5 years	9.71	9.85	10.56
5 Coupons	15 years	9.86	10.01	10.18
6	25 years	9.67	9.79	9.961
7 High	5 years	9.80	9.94	10.67
8 Coupons	15 years	10.02	10.16	10.34
9	25 years	9.70	9.82	10.01
10 Irredeemables†		9.41	9.51	9.76
Index-Linked				
11 Inflation rate 5%	5yrs.	–	3.08	3.71
12 Inflation rate 5%	Over 5 yrs.	–	4.27	3.77
13 Inflation rate 10%	5 yrs.	–	3.59	2.26
14 Inflation rate 10%	Over 5 yrs.	–	4.37	3.62
15 Debs &	5 years	11.02	11.08	11.11
16 Loans	15 years	10.99	11.05	11.10
17	25 years	10.99	11.05	11.10
18 Preference†		10.49	10.47	11.65

♦Opening Index 1744.1; 10 am 1750.9; 11 am 1748.3; Noon 1742.6; 1 pm 1741.3; 2 pm 1742.9; 3 pm 1744.0; 3.30 pm 1742.4; 4 pm 1742.5

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
CONSTITUENT CHANGES: Abaco (70) has been deleted and replaced by Baltic (70). INDEX-LINKED YIELDS NOT CALCULATED.

LONDON TRADED OPTIONS

[illegible]

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	1,000	Enterprise Oil	1,000
Allied-Lyons	1,600	Fisons	1,500
Amstrad	714	Gen. Accident	145
Argyll Group	1,800	Gen. Elect	4,300
Assoc. Brit. Foods	400	Glaxo	1,100
BAA	258	Globe Investment	470
BAT	1,700	Granada	2,000
BET	1,500	Grand Met	959
BICC	38	GUS A	101
BOC	1,000	Guardian R.E.	127
[illegible]			

RISES AND FALLS YESTERDAY

[illegible]

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA | FRANCE | GERMANY (continued) | NETHERLANDS (continued) | SWEDEN (continued) | BELGIUM/LUXEMBOURG | NORWAY | SWITZERLAND | ITALY | SPAIN | DENMARK | SOUTH AFRICA | NETHERLANDS | FINLAND | GERMANY | JAPAN | AUSTRALIA (continued) | HONG KONG | AUSTRALIA | SINGAPORE

CANADA

TORONTO
Closing prices January 14

‡ - No voting rights or restricted voting rights.

MONTREAL
Closing prices January 14

Sales	Stock	High	Low	Close	Chng
41011	Bank Mont	$26¾	26⅜	26⅜	−⅜
660	BombrdrA	$07½	07⅜	07⅜	−⅛
27780	BombrdrB	$07⅜	07¼	07⅜	+⅛
1300	CB Pak	$15¾	15½	15⅛	−½
12875	Cascades	$00⅛	06⅛	00⅛	−⅛
21741	ConBath	$18½	18	18½	+⅜
17965	DomTxtA	$15⅝	15¼	15⅝	−½
1052	MntTrst	$12½	12⅜	12⅜	
114094	NatBk Cda	$10⅞	10½	10½	−⅜
37170	Noverco	$11¼	11	11⅛	
17191	Power Corp	$13⅜	13⅜	13⅜	
62727	Provigo	$09¼	09⅛	09⅛	
9700	Repap Entr	512	11⅞	12	+½
26222	Royal Bank	$28¼	27⅞	28⅛	+⅛
9200	SteinbrgA	$34⅞	34⅛	34⅛	−⅛
4320	Videotron	$08¾	08½	08½	−¼

Total Sales 4,670,350 shares

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 37

Stock	Sales (Hnds)	High	Low	Last	Chng
USBcp .80	6 393	21½	21⅛	21½	+ ⅛
US HltC.18	156 1268	0 13-16	6⅛	0¼	+ 1-16
USTrst 1	12 2343	39¼	38¾	39¼	+ ½
UStatn .28	18 15	17¾	17¼	17¼	+ ¼
Un7elev	68 2	22½	22½	22½	− ½
UnvFrs.03e	12 7	13¾	13¼	13¾	+ ½
UnvHlt .33e	42 96	4⅝	4½	4⅝	+ ¼

Indices

NEW YORK — DOW JONES

	Jan. 13	Jan. 12	Jan. 11	Jan. 6	1987-88 High	1987-88 Low	Since compilation High	Since compilation Low
♦Industrials	1924.73	1928.55	1945.13	1911.31	2722.42 (25/8/87)	1738.42 (19/10/87)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	87.03	86.93	87.02	87.21	95.51 (9/2/87)	81.26 (19/10/87)	-	-
Transport	746.29	749.57	756.43	745.00	1101.16 (14/8/87)	661.00 (4/12/87)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	180.06	180.08	182.31	181.72	227.83 (22/1/87)	160.98 (19/10/87)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 1959.55 (1950.76) Low 1894.95 (1877.98)

STANDARD AND POOR'S	Jan. 13	Jan. 12	Jan. 11	Jan. 6	1987-88 High	1987-88 Low	Since compilation High	Since compilation Low
Composite ‡	245.81	245.42	247.49	243.40	336.77 (25/8/87)	223.92 (4/12/87)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	282.61	283.23	285.49	280.35	393.17 (25/8/87)	255.43 (4/12/87)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	21.45	21.69	21.73	21.52	32.43 (25/8/87)	20.39 (7/12/87)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	137.95	137.74	138.81	137.09	187.99 (25/8/87)	125.91 (4/12/87)	187.99 (25/8/87)	4.46 (28/4/42)
Amex Mkt. value	263.27	262.76	265.96	266.44	365.01 (13/8/87)	231.90 (4/12/87)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	332.66	331.97	336.20	338.47	455.26 (26/8/87)	291.90 (28/10/87)	455.26 (26/8/87)	54.87 (31/10/72)

	Jan. 8	Dec. 31	Dec. 24	year ago (approx.)
Dow Industrial Div. Yield	3.62	3.57	3.46	3.34

	Dec. 23	Dec. 16	Dec. 9	year ago (approx.)
S & P Industrial div. yield	2.99	3.13	3.24	3.05
S & P P/E ratio	16.64	15.88	15.25	17.39

TRADING ACTIVITY

CANADA

TORONTO

NEW YORK ACTIVE STOCKS

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 8¾% 1997	£98¾	+	1½
CAP Group	212	+	9
Courts A	170	+	11
Dee Corpn.	205	+	9
Harrisons & Cros.	579	+	15
LASMO	297	+	10
Logica	277	+	8
London Intl.	287	+	9
Marley	137	+	8
Multitone Elec.	57	+	14
Neotronics Tech.	143	+	10
Sedgwick Group	230	+	11
Ultramar	214	+	9
Unigate	302	+	15
Wellcome	385	+	11

FALLS

Bridport-Gundry	186	-	17
Clark (Matthew)	342	-	10
Lowe Howard-Spink	328		25
Pearson	735	-	35
Sun Alliance	831	-	15

TOKYO - Most Active Stocks
Thursday, January 14 1988

	Stocks Traded	Closing Prices	Change on day
Sumitomo Chem	47.77m	978	+16
Kawasaki Steel	19.73m	329	+8
Ishikawajima-Harima Heavy Ind	13.04m	668	+10
Fujitsu	11.18m	1,440	+50
Kobe Steel	11.18m	300	-
Ichikoh Ind	10.46m	695	-
Sumitomo Heavy Ind	9.44m	515	+15
Nippon Steel	7.66m	379	+5
Clarion	7.35m	950	+66
Honshu Paper	6.76m	589	+29

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock		Div	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
25 5/8	14	AAR	s	.36	2.0	15	314	17 3/4	17 5/8	17 3/4	+ 1/4
32 1/2	21	AFG	s	.16	.6	0	956	26 1/8	25 3/8	25 1/2	− 3/8
27	10 1/2	AGS	s			14	180	16 1/2	16	16	− 1/4
9 3/8	3 1/4	AM	Ind			38	1108	5 3/4	5 1/2	5 1/2	− 1/8
65 1/2	26 3/4	AMR				10	2911	34 7/8	33 1/4	33 1/2	− 1 1/4
27 1/2	24 7/8	ANR	pf	2.67	11.		5	25 1/8	25 1/8	25 1/8	
25	10	ANR	pf	2.12	10.		30	21 1/2	20 7/8	21 1/4	+ 1/4
12 3/4	6 3/8	ARX	s			7	65	7 3/8	7	7 1/8	− 1/8
73 1/2	38 3/8	ASA		2a	4.0		431	50 1/4	48 1/4	49 5/8	+ 1 1/2
22 5/8	9 1/2	AVX				18	575	13 7/8	13 7/8	13 7/8	− 1/8
87	40	AbtLab		1	2.1	18	2580	47 7/8	46 1/2	47 5/8	+ 1 1/8
28	15 3/8	AbitIbi	g				15	20	20	20	− 1/8
16 3/4	8 1/2	AcmeC		.40	3.5	16	100	11 1/2	11	11 1/2	+ 1/2
10 1/2	6 3/4	AcmeE		.32b	4.3	26	6	7 3/4	7 1/2	7 1/2	− 3/8
20	14 1/8	AdaEx		3.44e	23.		104	15 1/2	15 1/8	15 1/8	− 1/4
19 1/2	6 7/8	AdamM		.24	2.7	7	57	9	8 5/8	9	+ 1/2
24 7/8	7 1/2	AMD					2886	9 7/8	9 1/2	9 3/4	+ 1/4
56 3/4	29 1/4	AMD	pf	3	9.4		165	32 7/8	32	32	− 1/2
11 7/8	4 3/8	Adobe					695	5 3/4	5 1/2	5 5/8	
20 1/2	16 3/8	Adob	pf	1.84	11.		39	16 7/8	16 3/4	16 3/4	
21 1/8	17 1/2	Adob	pf	2.40	12.		38	20 5/8	20 3/8	20 5/8	+ 1/4
15	6 1/8	Advest		.12a	1.6	8	98	7 5/8	7 3/8	7 3/8	− 1/8
68 1/4	43 1/2	AetnLf		2.76	6.0	8	1406	46	43 3/4	45 7/8	− 1/8
83 1/2	39 1/8	AflPub		.40	.8	6	210	51 3/4	51 1/2	51 3/4	
25 7/8	13	Ahmans		.88	5.9	6	1123	15 1/4	14 3/4	15	− 1/4
5 3/8	1 3/4	Aileen					24	2	2	2	
53 3/4	29	AirPrd		1	2.7	13	2146	38 1/2	37	37 1/2	− 7/8
36	11 1/8	AirbFrt		.60	4.4	8	408	14	13 5/8	13 5/8	− 1/4
18 1/2	6 3/4	Airgas				16	40	10 1/2	10 3/8	10 3/8	+ 1/8
19 1/2	13 1/2	AirleaseA		2.16e	13.	8	77	17	16 7/8	16 7/8	− 1/4
15-32	5-16	AiMoan				38	23	1/8	1/8	1/4	
10 3/4	7 3/8	AlaP	dpf	.87	9.2		2	9 1/2	9 1/2	9 1/2	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 37

NYSE COMPOSITE CLOSING PRICES

Continued from Page 36

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15¾	3⅝	PilgPr. .08e		1.4	9	67	4¼	4⅛	4⅛	
46⅞	28	Pilsbry 1.12		3.4	19	6280	33⅝	32¼	32⅝	−¾
32¾	26⅝	PinWst 2.80		10.	6	449	28⅝	28	28	−⅜
46⅝	22¼	PionrEl .25r		.6		11	44	44	44	+1
50¼	29⅝	PitnyBw .78		2.2	15	686	35⅝	34⅝	35	−¾
16⅞	8½	Pittstn			32	274	10⅞	10¼	10⅝	−¼
21⅝	10⅝	PlcrD gn .20				4140	14¾	14¼	14½	+⅛
33¾	16¾	PlainsP .10e		.5	43	152	21¼	20¾	21	
25¾	11½	Plantrn .10		1.1	10	84	14⅝	14¼	14⅝	
16⅝	8⅝	Playboy			16	8	12⅞	12⅞	12⅞	
9	2½	PogoPd				247	4⅞	4⅝	4⅞	+¼
42¾	16½	Polard s .36		2.5	13	2181	24⅝	23⅞	24⅝	−⅛
27⅛	9¾	PopTals .44		2.5	7	290	18	17⅛	17⅝	+⅜
15⅝	4½	Portec				5	5⅞	5¼	5⅞	
31	20⅝	PortGC 1.96		8.8	12	270	22⅝	22¼	22⅝	
29⅝	25	PorG pf2.60		9.7		26	26⅞	26¾	26⅞	+⅛
41⅞	21	Potlch .92		3.6	9	114	26¼	25¼	25⅝	−⅜
65	46	Poth pf3.75		6.6		20	56	56	56	
27⅝	10	PotmE s1.30		5.7	10	387	22⅞	22⅝	22¾	+¼
31¾	18½	Premrk .32		1.3		152	24⅛	23⅞	24	+⅛
32½	27	Premr s .40		1.6	19	168	25	24½	24¾	−⅛
28⅛	17	Primrk 1.38		6.7	6	1688	21¼	20¾	20¾	+¼
61	12⅞	PrimeC			13	1377	15⅝	15	15	
60	21	PrimeM .08b		.2	18	1782	34¼	33½	33¾	+¼
21¾	12¾	PrMLsd 2.04e		15.		158	16⅞	16⅛	16¼	−⅜
53½	21⅛	Princas 1.60		6.4	7	852	25⅜	24¾	25⅛	+¼
103½	60	ProctG 2.60		3.8	36	2983	86⅛	84¾	85	−¼
21⅞	12⅝	PrdRs .32		2.3	17	37	13⅞	13½	13⅞	+⅜
36½	25½	ProgCp .40		1.5	6	175	27⅝	27¼	27⅝	−⅜
10⅝	6	Prginc n.17e		2.0		63	8⅝	8⅝	8⅝	−¼

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
85	50	Xerox	3	5.2	12	1458	57⅞	56¾	57¼	−⅛
58¾	52½	Xerox pf5.45		10.		86	53¾	53⅝	53¾	+⅛
31½	19⅛	XTRA .64		2.6	16	13	24¾	24⅝	24⅝	+¼
26¼	19½	XTRA pf1.94		8.4		5	23⅛	23⅛	23⅛	−¼
39⅞	17½	Yorkin			8	73	33	22⅝	22⅝	+½
7¼	2¼	Zapata				327	2¾	2½	2⅝	
37	13½	Zayre .40		2.6	6	2022	15⅝	15¼	15¾	+¼
16⅛	8¾	Zemex .40		4.2	6	1	9½	9½	9½	
33⅝	16	ZenithE				619	15⅜	14¾	15	
13½	2½	ZenLab				465	6	2⅞	6	+¼
39	13½	ZenNt .80		4.7	5	67	17⅛	16½	16⅞	+⅛
20⅝	11⅝	Zero .36		2.0	14	59	14¼	13⅞	14	−⅛
30¾	15	Zurnin s .68		3.3	13	168	20⅝	19¾	20½	+⅛
10⅝	7⅝	Zweig 1.08e		12.		734	9¼	9	9⅛	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 35

FINANCIAL TIMES Friday January 15 1988

AMERICA

Fragile Dow fluctuates narrowly

Wall Street

THE EQUITY market continued to fluctuate with little overall direction in low activity prior to today's release of November US trade figures, writes Janet Bush in New York.

The Dow Jones Industrial Average closed slightly lower at 1,916.11, 8.62 points down on Wednesday. By the close, only about 140m shares had changed hands, the lowest volume since December 29. Activity has dwindled the nearer the market came to today's figures.

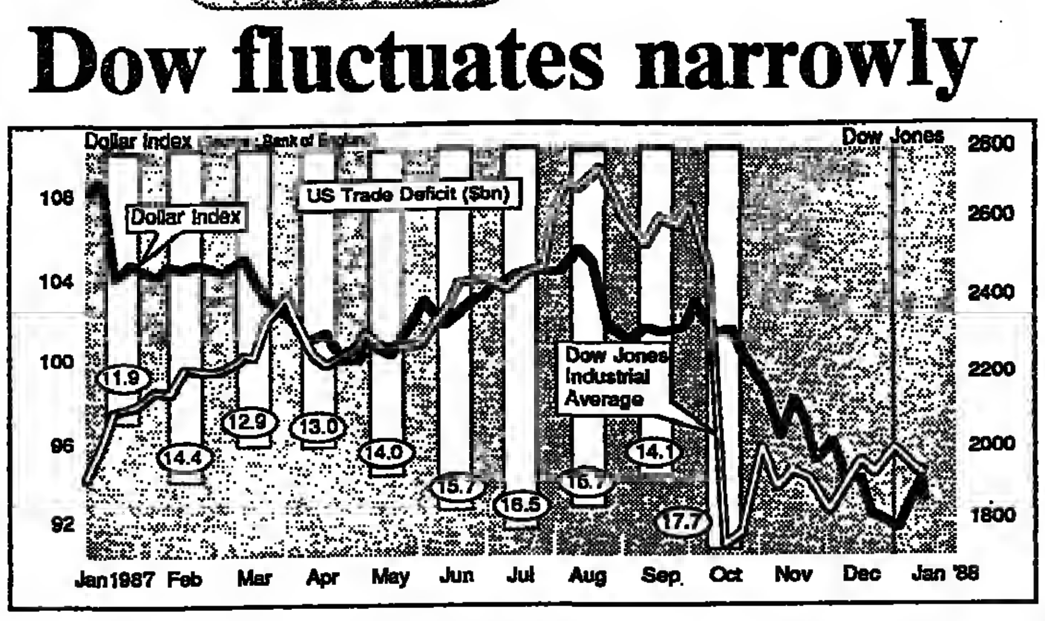
There was little impact from the release of figures showing a 0.7 per cent rise in US retail sales in December, which was slightly lower than expected. The average forecast was for a rise of about 1 per cent. The largest component of the increase was a 2.4 per cent rise in car sales. Excluding auto sales, overall retail sales would have been up only 0.2 per cent.

The US bond market continued to see slow trading and very small price movements. Trading in all markets has been in a state of near-paralysis this week, as attention is focused almost entirely on today's trade figures, regarded as crucial for the near-term direction of the dollar.

Some sense of equilibrium has been forced on the foreign exchange markets by the aggressive assault on dollar bears by central banks of the Group of Seven.

A further stage in this campaign took the form of Wednesday's joint statement by President Reagan and Mr Noburu Takeshita, Japan's Prime Minister, restating their commitment to supporting the dollar and making the necessary adjustments to tackle their bilateral trade imbalance.

The fragile sense of confidence which has been built up, however, could be destroyed at one stroke by more poor trade figures.



Bond prices were little changed from Wednesday's close. The Treasury's benchmark 8.875 per cent 30-year issue closed 1/16 point higher, yielding 9.03 per cent.

The thinness of the equity market is exaggerating the impactof programmed trades and leading to a high level of nervousness. All week, programme trades have been reported to have been active.

The New York Stock Exchange requested that if the Dow Jones Industrial Average were to move 75 points or more in either direction, all member firms should refrain from using the exchange's Superdot system to execute programme trades. The new ruling is effective from today - the day that the trade figures are released - until next Friday, inclusive.

The request, made after consultation with leading member firms, reflects concern within the exchange and from its users about the impact of programme trading on intra-day volatility.

In the first four trading sessions of this week, the Dow Jones index had made a net gain of less than 5 points since the end of last week, very disappointing considering the 140 point fall in the market last Friday.

The underlying strength or weakness of the market is difficult to read, given the dominance of expecations about the trade figures but many analysts see this week's sideways movement as a necessary consolidation period.

Blue chips were mixed. International Business Machines slipped $⅛ to $116, General Electric added $¼ to $44½, General Motors moved $1 lower to $52⅜ and Philip Morris was $¼ up at $84 ½.

Atlantic Richfield, which now has a 23.73 per cent stake in Britoil, gained $1¾ to $71. It emerged that British Petroleum had launched a full takeover bid for Britoil in competition with Atlantic Richfield.

BP Chairman Sir Peter Walters criticised the agreement between Britoil and Atlantic Richfield under which ARCO would increase its stake in the British oil company in exchange for certain Britoil assets.

Texaco recovered from a $3 loss at midsession to close only $½ lower at $37 after the company said late on Wednesday it may be liable for $6.5bn in back taxes.

Morgan Stanley fell $1⅛ to $48⅜ after reports that the company was under investigation by the Securities and Exchange Commission, along with Spear Leeds & Kellogg, the largest specialist firm on the floor of the New York Stock Exchange, for possible illegalities in connection with the Ivan Boesky case.

Federated Department Stores jumped $2½ to $36⅝. The company announced late on Wednesday that Mr Donald Trump, the New York real estate developer, was seeking Federal clearance to buy at least $15m of its common stock and could even acquire a stake of 15 per cent or more.

Canada

TORONTO stocks closed slightly lower on light volume after an erratic session in which traders mostly waited for Friday's US trade deficit figures.

Gold stocks benefited from a gain in the price of bullion, up $6.50 to $488.20 per ounce in New York.

ASIA

Currency agreement boosts Nikkei

Tokyo

BOOSTED by the US-Japanese moves to strengthen co-operation on stabilising the dollar, Tokyo share prices rallied strongly almost across the board yesterday, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei average climbed 278.66 points to 22,603.65, but volume remained light, with 482m shares traded, slightly higher than Wednesday's 447m shares. Advances outnumbered declines by 612 to 254, with 161 issues unchanged.

Trading remained lethargic before the three-day holiday weekend and today's US trade data.

The market opened firmer after Mr Noboru Takeshita, the Japanese Prime Minister, and President Ronald Reagan agreed on Wednesday on new ways to support the dollar and confirmed Tokyo's policy of guiding short-term interest rates lower.

High-tech issues were sought actively, along with large-capitalisation stocks and those linked to the redenomination of the Japanese currency unit. However, their advance slackened towards the close on profit-taking.

The late lull reflected concern over the possible effects of the US trade figures on currency and equity trading next week. Institutional investors generally kept a low profile all day, dissatisfied that the Takeshita-Reagan agreement had not specified ways of improving US economic fundamentals.

Many fund managers are planning to fix their positions early next week after ascertaining currency market responses to the size of the US trade deficit for November.

Three issues - Sumitomo Chemical, Kawasaki Steel and Ishikawajima-Harima Heavy Industries - rebounded sharply, aided by a push by Nomura Securities, Japan's biggest brokerage house. Sumitomo Chemical was the most active stock, with 47.77m shares traded, and firmed Y16 to Y978 after climbing Y30 from the previous day's close.

Kawasaki Steel, second busiest with 19.73m shares, firmed Y8 to Y329 and Ishikawajima-Harima Heavy Industries, third with 13.04m, Y10 to Y668.

The high-tech sector was bought on a wide front due to prospects for stable foreign exchange rates. Fujitsu, fourth busiest with 12.84m shares, climbed Y50 to Y1,440, NEC added Y70 to Y2,050, Matsushita Electric Industrial rose Y50 to Y2,270, Sony put on Y120 to Y4,900 and Nippon Telegraph and Telephone (NTT) advanced Y50,000 to Y2.21m.

Among stocks related to the currency redenomination, Honshu Paper added Y29 to Y589, Oji Paper Y50 to Y1,200 and Dai Nippon Printing Y30 to Y2,530.

Trading houses gathered strength on expectations of lower interest rates. Mitsubishi jumped Y25 to Y1,020, and C. Itoh added Y21 to Y661. Stocks linked to consumer spending were also bought, with Nichii rising Y120 to Y1,570.

Bond prices made a sizeable gain on strong buying by dealers sparked by reports that the Bank of Japan will allow short-term interest rates to ease further.

The yield on the benchmark 5.0 per cent government bond maturing in December 1997 plunged from Wednesday's 4.465 per cent finish to a low of 4.275 per cent in block trading on the Tokyo Stock Exchange.

Turnover in the issue in inter-dealer trading reached about Y2,100bn, treble the outstanding balance of the issue. Institutions bought debts maturing around December 1997 in lots of Y5bn.

On the Osaka Securities Exchange, the OSE stock average bounced back on buying of export-oriented issues, closing 154.20 points higher at 22,838.89. Turnover expanded 17m to 82m shares.

Osaka Titanium climbed Y110 to Y1,240 and Omron Tateisi Electronics Y90 to Y2,050, but Osaka Soda shed Y40 to Y1,430.

TAIWANESE shares fell heavily following the death of President Chiang Ching-kuo. The weighted stock index lost 61.77, or 2.5 per cent, to 2,414.42 and two-thirds of the 145 issues traded fell 3 per cent, the maximum permitted.

However, Central Bank governor Chang Chi-cheng said foreign exchange controls would not be tightened because the country had a glut of funds. Taiwan's foreign exchange reserves total about $75bn, the world's second largest after Japan.

Hong Kong

IN THE thinnest turnover so far this year, Hong Kong share prices recovered slightly as the steadier dollar offset worries about the US trade data.

The Hang Seng index rose 27.73 to 2,411.52 and the more broadly based Hong Kong index added 16.53 to 1,575.11 on turnover of only HK$553m.

News that former stock exchange chairman Mr Ronald Li had been charged under an ordinance dealing with bribery came too late for the market.

Blue chip gains included 10 cents for Cheung Kong to HK$6.80, 15 cents for its affiliate Hutchison Whampoa to HK$7.25, and 20 cents for Hongkong Land to HK$7.45.

Australia

A FEW large stocks dominated trading in Sydney, as most players stayed on the sidelines for today's US trade figures.

The All Ordinaries index lost 8.5 points lower at 1,264.2 in thin turnover of 98m shares.

Among situation stocks, Peko-Wallsend added 30 cents to A$7.50 on 4.58m shares after recommending that shareholders accept a takeover offer from fellow mining company North Broken Hill. Industrial Equity, off 2 cents at A$1.55, was said to be a big buyer.

Elders Resources edged up 1 cent to A$2.21 on 2.88m shares.

Singapore

GAINS in Tokyo and Hong Kong helped lift Singapore shares in quiet bargain-hunting after Wednesday's falls.

The Straits Times industrial index rose a modest 7.67 points to 861.57.

Singapore Airlines recovered 25 cents to S$9.40, while New Straits Times climbed 20 cents to S$2.90 and DBS was 10 cents higher at S$9.50.

EUROPE

Deutsche Bank rumours pare gains in Frankfurt

EUROPEAN markets took a mite of encouragement from the joint declaration in support of the dollar from the US and Japan, but investors generally stood aside, preoccupied with the outcome of today's US trade news.

FRANKFURT was hauled back from a bright start to leave prices mixed on unconfirmed rumours that Deutsche Bank was to cut its dividend. The Commerzbank index was 12.6 higher at 1,259.8 and the FAZ index closed just 3.14 up at 411.15.

Deutsche shares ended DM7 lower at DM384.50. The bank last year paid an unchanged DM12 dividend and a bonus of DM5.

BMW made strong headway with a DM18 gain to DM467 as the market responded enthusiastically to the group's new "5"-series vehicles and to its 10 per cent rise in last year's earnings. The gain was not infectious, and VW lost DM2.50 to DM208 and Daimler DM2 to DM550.50.

Machinery makers found support, though, as Linde gained DM14 to DM535 and MAN added DM3.50 to DM143.50.

AEG led electricals with a DM4.50 rise to DM176.50 as Siemens added DM5.20 to DM347.70.

Insurers made ground, Allianz by DM15 to DM1,137 and Aachener and Münchener DM20 to DM700.

ZURICH held steady in modest turnover amid a general reluctance to trade before today's US trade news. Sentiment benefited from strength overnight in Tokyo and stable early trade in the dollar.

Higher insurers saw Swiss Re gain SFr150 to SFr11,750 and Winterthur add SFr50 to SFr4,725. Zurich rose SFr50 to SFr4,900.

Among industrials, Brown Boveri slipped SFr25 to SFr1,550 as its joint venture with Swedish group Asea – Asea Brown Boveri – said it expected to pay a dividend this year to its joint owners.

Oerlikon-Bührle fell SFr15 to SFr845, while Georg Fischer was unchanged at SFr660. Alusuisse broke the trend with a SFr4 rise to SFr465.

In foods and confectioners, Nestlé was SFr75 stronger at SFr7,950 and Jacobs-Suchard remained steady at SFr8,000.

Hoffmann-La Roche "baby" shares were quiet and steady at SFr9,125, while Ciba-Geigy made a SFr40 advance to SFr2,440. Sandoz put on SFr15 to SFr1,700.

BRUSSELS steadied with a lower bias. The cash index ended 11.29 off at 3,686.78.

Réserve, the share of Société Générale de Belgique, leapt BFr185 to BFr3,015, a 5.5 per cent jump, in record turnover of 224,000 shares. Fellow holding Groupe Bruxelles Lambert was off BFr70 at BFr2,210 and Cobepa held at BFr4,020.

Trade elsewhere was dull. Utility Ebes slipped BFr70 to BFr4,470 and Intercom BFr50 to BFr3,430. Solvay fell BFr120 to BFr9,090 in slim trade, while Petrofina drifted BFr30 down to BFr8,700 with just 2,500 shares traded.

PARIS closed nervously mixed as the fillip of international moves to shore up the dollar gave way to renewed pessimism over the US currency before today's trade figures.

Profit-takers dragged financial issues lower throughout the session, leaving Rue Imperiale off FFr205 at FFr3,245 and OFP down FFr36 at FFr946.

Some blue chips found a foothold, however, with Peugeot adding FFr26 to FFr895 and Thomson-CSF managing a FFr5.30 advance to FFr356.50. Elf stood out among oil issues with a rise of FFr4.10 to FFr241.

Bic, disposable pens to razors group, also shone with a FFr14 jump to FFr491 on news it was to sell its Dim unit to Sara Lee of the US.

AMSTERDAM staged a slight recovery, but in meagre trade as investors baited their breath before today's US trade news. The CBS all-share tendency index finished a net 0.7 higher at 68.4.

International favourites had mixed fortunes, with Unilever adding Fl 2.50 to Fl 104.70 but Akzo losing Fl 1.20 to Fl 89.80.

Philips lost a further 40 cents to Fl 25 as the market continued to react negatively to news that net income for 1987 will fall from 1986 levels.

Transport group Nedlloyd ended Fl 5 stronger at Fl 152.

MILAN slipped further in depleted trade. The MIB index was 6 off at 993.

Montedison, though, continued to outperform the market with a L27 gain to L1,325. The chemical group declined to comment on market rumours that it was preparing a large capital operation.

Other blue chips slumped further, with Fiat down L33 at L8,245 and insurer Generali losing L650 to settle at L86,250.

OSLO was weighed down by concern over the fall in North Sea oil prices. The all-share index fell 2.62 to 217.91.

Saga Petroleum, which postponed a fund-raising plan, was steady at NKr87. Norsk Hydro, though, fell NKr3 to NKr150.50.

MADRID crept higher in quiet dealing. The all-share index ended 2.13 up at 235.88.

Banks built on the previous session's strength, Vizcaya rising 50 percentage points to 1,500 per cent of nominal market value.

Market leader Telefonica added 5.25 percentage points to 173.75 per cent of par.

HELSINKI fell in dull trade. The Unitas all-share index ended 0.9 per cent off at 535.3.

STOCKHOLM finished largely unchanged in marginal trade, though some blue chips made moderate progress.

London

THE UK equity market remained fairly confident in the run-up to today's US trade data, with the FT-SE 100 index ending 10 higher at 1,748.4 after larger gains were trimmed by Wall Street's uncertain start.

The oil sector continued to attract speculation, with BP publishing its formal offer for Britoil. The market is waiting for the next move from Atlantic Richfield, with has increased its stake in Britoil this week.

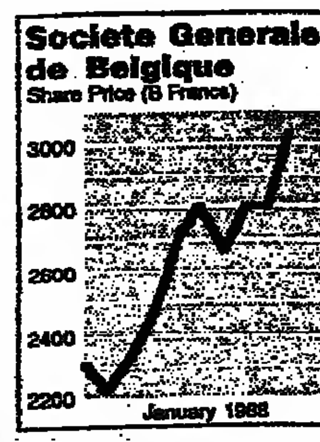
SOUTH AFRICA

THE HIGHER financial rand weighed slightly on Johannesburg gold shares in otherwise featureless trade which thinned almost to a standstill as investors awaited today's US trade news.

Among falling golds, Hargies was 50 cents easier at R24 and Randfontein ended R5 off at R250. Leading heavyweight Vaal Reefs, though, made a modest R4 gain to R322, though buying was light in a meagre market.

In other minings, platinum Rustenberg slipped 25 cents to R28.25 and Impala held at R27.50.

Industrials were flat.



Belgium's Générale soars 6.5%

By Tim Dickson in Brussels

JUST FOUR months after apparently seeing off a mystery stalker of its shares, the heat has once again been turned on *Société Générale de Belgique.*

Strong buying of Belgium's largest commercial and industrial holding company has been evident since the start of the year but yesterday's turnover of 224,000 shares easily surpassed the previous record set last June and amounted to half the Brussels market's total transactions for the session.

Shares in the group, up BFr185, or 6.5 per cent, to BFr3,015 yesterday, have leaped by almost a third in the past two weeks when the index as a whole has done no more than mark time.

As in July and August when rumours of a hostile bid for La Générale kept the normally somnolent summer stock market on its toes, brokers and bankers in Brussels appear baffled by what is going on.

"Nobody knows, but everyone is telling stories," one analyst said candidly, adding that he was pretty certain much of the buying was coming from Paris.

Two intriguing differences stand out this time. Whereas all the purchases last year seemed to be concentrated on one tiny stockbroking firm, the buying this time is coming from many directions. The other new factor is this week's report from Belgium's Banking Commission, the government-controlled body which discreetly polices financial activity, saying that "poison pill" defences are not permitted once a takeover bid has been announced.

Market analysts say this could have given new heart to any predator put off by last September's 50 per cent increase in the authorised capital of Société Générale

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JANUARY 14 1988					WEDNESDAY JANUARY 13 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (93)	97.92	-1.0	79.81	91.62	4.94	98.94	80.38	92.26	180.81	85.36	102.11
Austria (16)	93.23	-0.2	75.99	79.29	2.64	93.46	75.92	79.29	102.87	85.53	100.93
Belgium (48)	101.30	-0.4	82.57	85.81	5.53	101.72	82.64	86.05	134.89	94.63	102.86
Canada (127)	109.90	-0.4	89.57	102.78	3.03	110.30	89.61	102.92	141.78	98.15	108.32
Denmark (38)	114.66	-0.3	93.45	98.13	3.02	115.04	93.45	98.10	124.83	98.18	114.54
Finland (23)	108.88	-1.0	88.75	91.28	1.63	110.01	89.37	91.85	–	–	–
France (124)	81.05	+0.1	66.06	70.31	4.21	80.99	65.79	70.03	121.82	77.39	108.39
West Germany (94)	72.12	+0.5	58.78	61.38	3.03	71.77	58.31	60.95	104.93	68.91	97.96
Hong Kong (46)	92.14	+1.1	75.10	92.04	5.71	91.18	74.07	91.03	158.68	73.92	100.85
Ireland (14)	109.03	+0.4	88.87	94.69	4.78	108.60	88.22	94.08	160.22	93.50	109.68
Italy (94)	74.48	-1.1	60.71	67.08	2.85	75.33	61.20	67.51	112.11	72.04	104.00
Japan (457)	141.37	+1.4	115.22	113.22	0.62	139.47	113.30	111.61	161.28	100.00	105.65
Malaysia (36)	114.60	-0.1	93.40	111.86	3.34	114.67	93.16	111.56	193.64	93.76	109.80
Mexico (14)	96.16	+2.1	78.37	235.50	1.51	94.16	76.50	230.62	422.59	94.16	118.59
Netherland (37)	96.24	+0.3	78.44	80.71	5.58	95.98	77.97	80.36	131.41	87.70	104.72
New Zealand (24)	78.10	-0.8	63.65	62.69	5.54	78.71	63.94	63.28	138.99	73.39	96.15
Norway (24)	103.46	-1.8	84.32	88.75	3.08	105.35	85.58	90.05	185.01	95.51	105.27
Singapore (26)	100.30	+0.6	81.75	93.79	2.58	99.71	81.00	93.07	174.28	81.21	109.09
South Africa (61)	130.20	-0.4	106.12	87.59	4.87	130.75	106.21	87.95	198.09	100.00	114.06
Spain (43)	133.18	+0.6	108.55	112.30	3.60	132.35	107.51	111.09	168.81	100.00	116.04
Sweden (34)	97.67	-0.1	79.61	85.81	2.67	97.81	79.46	85.72	136.64	88.50	94.14
Switzerland (53)	78.06	+0.1	63.63	64.63	2.57	77.96	63.33	64.28	111.11	73.65	103.36
United Kingdom (331)	130.89	+0.3	106.68	106.68	4.37	130.49	106.00	106.00	162.87	99.65	108.26
USA (588)	100.28	+0.0	81.74	100.28	3.69	100.29	81.48	100.29	137.42	91.21	109.78
Europe (973)	101.36	+0.2	82.61	84.97	3.99	101.19	82.20	84.56	130.02	92.25	105.15
Pacific Basin (682)	137.77	+1.3	112.29	111.43	0.85	136.03	110.51	109.93	158.77	100.00	105.34
Euro–Pacific (1655)	123.24	+0.9	100.45	100.84	1.89	122.13	99.22	99.77	143.65	100.00	105.26
North America (715)	100.79	+0.0	82.15	100.44	3.65	100.83	81.91	100.46	137.55	91.68	109.71
Europe Ex. UK (642)	83.07	+0.0	67.71	71.28	3.62	83.04	67.46	71.04	111.97	78.89	99.25
Pacific Ex. Japan (225)	94.36	-0.2	76.91	89.14	5.07	94.56	76.82	89.16	164.03	82.92	102.47
World Ex. US (1857)	122.84	+0.9	100.12	100.88	1.96	121.81	98.95	99.87	143.38	100.00	105.48
World Ex. UK (2114)	112.46	+0.6	91.66	100.02	2.33	111.80	90.83	99.35	138.82	100.00	107.07
World Ex. So. Af. (2384)	113.99	+0.6	92.91	100.71	2.52	113.35	92.08	100.04	139.47	100.00	107.13
World Ex. Japan (1988)	101.04	+0.0	82.35	94.51	3.84	101.01	82.06	94.36	134.22	92.98	107.89
The World Index (2445)	114.10	+0.6	93.00	100.64	2.54	113.46	92.17	99.98	139.73	100.00	107.17

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ index), 90.791 (Pound Sterling) and 94.94 (Local).
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Company Notices

Barings B.V.

US$ 150,000,000

Guaranteed Floating Rate Capital Notes due 2001

Payment of principal and interest guaranteed by

Barings plc

BARINGS

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from January 15, 1988 to July 15, 1988 the Notes will carry an interest rate of 7¾% p.a.

The interest payable on the relevant interest payment date, July 15, 1988 against coupon n°5 will be US$391.81 per Note of US$ 10,000.

The Agent Bank
KREDIETBANK
S.A. LUXEMBOURGEOISE

KOREA GROWTH TRUST
International Depository Receipts evidencing Beneficial Certificates representing 1.000 units

Notice is hereby given to the Unitholders that Korea Growth Trust declared a distribution of Won 488.00 per IDR of 1.000 units payable on January 27, 1988 in the Republic of Korea.
Payments of coupon No 3 of the International Depository Receipts will be made in US dollars at one of the following offices of Morgan Guaranty Trust Company of New York:
- Brussels, 35 Avenue des Arts
- New York, 30 West Broadway
- London, 1 Angel Court
- Frankfurt, 44-46 Mainzer Landstrasse
- Zurich, 38 Stockerstrasse
The amount of dollars shall be the net proceeds of the sale by the Fund of the Won amount to a foreign exchange bank in the Republic of Korea at its "spot" rate on January 27, 1988.
The proceeds of the coupons presented after January 27, 1988, will be converted into US dollars at the prevailing spot rate of the day following their presentation, and will be distributed to the Unitholders in proportion to their respective entitlements and after deduction of all taxes and charges of the Depository.
Holders residing in a country having double taxation treaty with the Republic of Korea may obtain payment of their coupons at a lower rate of the Korean non-resident withholding tax, on condition they furnish to either the Depository or through one of the designated sub-paying agents a certificate showing their residence together with a copy of the certificate of incorporation or a copy of the passport for individuals. Those documents are requested by the Korean National Tax Administration Office as evidence of residence and without them the full rate of 26.875 pct Korean non-resident withholding tax will be retained.
With respect to the Korea Growth Trust Prospectus and pursuant to clause 18(D) of the Trust Deed notice is also given that, as from May 29, 1988, payment of coupon No 3 will be made under deduction of 26.875 pct of the Korea withholding tax.
Morgan Guaranty Trust Company of New York
Brussels Office, as Depositary.

NOTICE TO BOND HOLDERS

CAISSE NATIONALE DES TELECOMMUNICATIONS
FF 800,000,000 Adjustable Rate Series A Bonds due 1995
and
FF 400,000,000 Adjustable Rate Series A Bonds due 1996

Pursuant to paragraph "Payments" of the Terms and Conditions of the Series A Bonds, notice is hereby given that, as of January 4, 1988, Crédit Commercial de France, 103, Avenue des Champs-Elysées, Paris has been appointed as a sub-paying agent with respect to the above-mentioned issues.
Luxembourg, January 15, 1988

THE FISCAL AGENT
KREDIETBANK
S.A. LUXEMBOURGEOISE

RE A/S JYSKE BANK
US$ 100,000,000
Subordinated Floating Rate Notes Due 1995

In accordance with the terms and conditions of the Notes, Notice is hereby given that for the six months period from January 13th, 1988 to July 13th, 1988 the Notes will carry an interest rate of 7⅝% (including the margin ⅜%).
The coupon amount so calculated will be US$ 391.81 for denominations of US$ 10,000 and US$ 9,795.14 for denominations of US$ 250,000.

DIVIDEND NOTICE
TO THE HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS FOR COMMON STOCK OF TOSHIBA CORPORATION (FORMERLY TOKYO SHIBAURA ELECTRIC CO.)
DESIGNATED COUPON NO. 68
(Action Required on or Prior to 30th April 1988)

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of 15th February 1970 among Tokyo Shibaura Electric Co. Ltd. (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that at the general meeting of stockholders of the Company held in Tokyo, Japan on 27th October 1987 such shareholders approved the payment of a dividend of 4 Yen per share of Common Stock.

The Dividend on the shares of Common Stock of record on Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese taxes, has been received by the Custodian as agent for the Depositary and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 128.50 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Malaya, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organised thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.

To determine entitlement to the lesser tax withholding rate of 15%, it is necessary that the surrender of Coupon No. 68 be accompanied by a properly completed and signed certificate (copies of the form which are obtainable at the office of the Depositary in London or any Depositary's Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 68. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below upon surrender of Coupon No. 68.

DEPOSITARY'S AGENTS

Name	Address
Chemical Bank	Frankfurt, Germany
The Bank of Tokyo Ltd.	London, England
The Bank of Tokyo Ltd.	Paris, France
The Bank of Tokyo Ltd.	Brussels, Belgium
The Bank of Tokyo Ltd.	Frankfurt, Germany
Pierson, Heldring & Pierson	Amsterdam, The Netherlands
Banca Nazionale del Lavoro	Rome, Italy
Banca Nazionale del Lavoro	Milan, Italy
Kredietbank S.A. Luxembourgeoise	Luxembourg

The following table sets forth the amounts payable upon presentation of Coupon No. 68 from the various denominations of Receipts.

Coupon No. 68 Detached from Receipts in the denomination of:	Dividend payable (less 15% Japanese withholding tax)	Dividend payable (less 20% Japanese withholding tax)
1 Depositary Share	$ 1.32	$ 1.24
10 Depositary Shares	$ 13.23	$ 12.45
20 Depositary Shares	$ 26.46	$ 24.90
50 Depositary Shares	$ 66.15	$ 62.26
100 Depositary Shares	$132.30	$124.51

Payment in United States Dollars in respect of Coupon No. 68 will be made by United States Dollar check drawn on, or transfer to a United States Dollar account maintained by the payee with a bank in New York City.

Date: 15th January 1988

Chemical Bank, as Depositary
180 Strand,
London, WC2R 1EX
England.

30th September 1987 has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 68 attached.

Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deems appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after 30th April 1987 the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupon No. 68.

As a result, persons surrendering Coupon No. 68 after such date will be entitled to receive from the Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realise such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

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